



FINANCIAL STATEMENTS

Year Ended December 31, 2006

With Report of

Certified Public Accountants



HINTONBURDICK

HINTON BURDICK HALL & SPILKER PLLC

CPAs & ADVISORS

WASHINGTON COUNTY

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WASHINGTON COUNTY

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FINANCIAL SECTION

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HINTONBURDICK

HINTON BURDICK HALL & SPILKER PLLC

CPAS & ADVISORS

Independent Auditors' Report

The Honorable County Commissioners
Washington County
St. George, Utah

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Washington County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the following component units, Southwest Utah Public Health Department and Rockville/Springdale Fire Protection District, which statements reflect total assets of \$6,839,558 as of December 31, 2006 and total revenues of \$9,736,655 for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the previously noted component units in the component unit columns, is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2007, on our consideration of Washington County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

MEMBERS:

KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT S. COX
BRENT R. HALL
KENNETH A. HINTON
MORRIS J. PEACOCK
PHILLIP S. PEINE
MICHAEL K. SPILKER
MARK E. TICHENOR

The Management's Discussion and Analysis on pages 3 to 10 and budgetary comparison information on pages 48 to 53, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and the other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Washington County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hinton Burdick Hall & Spilker PLLC

HINTON, BURDICK, HALL & SPILKER, PLLC
July 20, 2007

WASHINGTON COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a discussion and analysis of Washington County's financial performance and provides an overview of the County's activities for the year ending December 31, 2006. This report is in conjunction with the County's financial statements that follow this section.

HISTORY AND BACKGROUND OF WASHINGTON COUNTY

Washington County was created in 1856 shortly after pioneers settled here in the early 1850's. It has been known as Utah's Dixie because of mild winter weather and the fact that cotton was raised here in the early days of its existence. Not a lot of growth took place for the first 100 years. In the mid 1960's the county's population was about 10,000. Today, it is over 140,000. The population has nearly doubled each of the last three decades! Championship golf, tennis, outdoor sports events, walking and biking trails, snow-free winters and year long low humidity all make living here attractive.

The purpose of the County is to provide general services to its residents which include general government, judicial, public safety, health and sanitation, conservation and economic development, culture, and public works. Additional services provided to residents in the unincorporated areas include road maintenance, building, planning, and zoning issues, plus fire control.

FINANCIAL HIGHLIGHTS

- Current Economic Conditions. Washington County has continued to be the highest growth county in the state. Population has grown approximately 10% this past year.
- Sales tax revenues have grown this year by 17.3 % which includes growth and inflation.
- Restaurant and Transient Room Taxes have grown by 11.9 %.
- As compared to the State and the national rate, the County's 2004 unemployment rate has remained low at 3 %. The County and the State both have one of the best labor and business climates in the western United States. Job growth rate continues to climb at 5%.
- Projections are that the County will continue to experience a healthy new growth factor and this in turn will increase resources and revenues to the County. Recent studies show the St. George Metropolitan area as one of the fastest growing in the United States.
- During 2005 the County issued \$9.766 million in Special Assessment Bonds for constructing the Dixie Springs SID. The project was nearly 100% complete at December 31, 2006. Once completed the improvements will be deeded to Hurricane City.
- At year end 2006 the County's General Fund balance was over \$6.6 million. We continue to have a positive growth factor. Because of this positive effect, the General Fund balances are reserved or designated for future capital project needs.
- Total assets exceed total liabilities (net assets) by \$74.68 million at the close of the fiscal year.
- Total net assets increased by \$9.95 million.
- Total revenues from all sources, including component units, were \$97.5 million.
- The total cost of all County programs, including component units, was \$87.6 million.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Assets and the Statement of Activities. These statements provide information about the activities of the County as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. (3) Notes to the financial statements.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities (Government-wide)

The government-wide financial statements are designed to provide readers with a broad overview of Washington County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Washington County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Washington County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave or personal time off).

Both of the government-wide financial statements distinguish functions of Washington County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of Washington County include general government, judicial, public safety, health and sanitation, culture, conservation and economic development, and public works.

The government-wide financial statements include not only Washington County itself (known as the primary government, but also many legally separate special districts for which Washington County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Reporting the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Washington County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Washington County can be divided into two major types of funds, governmental and proprietary. These two types of funds use different accounting approaches as explained below.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources, as well as resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Washington County maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, habitat conservation fund, and capital projects fund all of which are considered to be major funds. Data from the other seven Governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and individual budget-to-actual reports.

Washington County adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for each fund to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the governmental fund financial statements.

Proprietary Funds

All of Washington County's proprietary funds are in the form of component units. Each of the component units of the county prepare their own financial statements but are summarized in Washington County's presentation because of their financial accountability. The basic, but not the only, criterion for including a component unit within the reporting entity is whether or not the County exercises significant influence over the component unit. Significant influence or accountability is based primarily on operational or financial relationships with the County.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Washington County.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or fiduciary, for certain amounts held on behalf of developers, donations for a specific purpose and others. These fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. The County is responsible for ensuring that the assets are used for their intended purposes. Therefore, fiduciary activities are excluded from the County's other financial statements because the assets cannot be used to finance operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously noted, net assets may serve over time as a useful indicator of an entity's financial position. In the case of Washington County, assets exceeded liabilities by \$64.7 million at the close of the most recent fiscal year. This is an 11.3% increase over the previous year which indicates Washington County is not only keeping up with inflation but adding to its growth.

A portion of the County's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any outstanding debt used to acquire those assets that is still outstanding. Washington County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Washington County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

Washington County Statement of Net Assets

	Governmental Activities		Component Unit Activities	
	2006	2005	2006	2005
Current and other assets	\$ 59,421,216	\$ 50,539,084	\$ 24,150,032	\$ 21,120,110
Capital assets	67,521,660	\$ 52,474,753	22,718,682	\$ 19,303,436
Total assets	<u>126,942,876</u>	<u>103,013,837</u>	<u>46,868,714</u>	<u>40,423,546</u>
Long-term liabilities outstanding	58,095,640	51,868,964	10,889,679	7,661,278
Other liabilities	28,884,830	17,956,713	1,253,600	1,248,793
Total liabilities	<u>86,980,470</u>	<u>69,825,677</u>	<u>12,143,279</u>	<u>8,910,071</u>
Net assets:				
Invested in capital assets, net of related debt	12,596,612	4,163,154	15,451,060	14,534,824
Restricted	20,015,804	20,778,319	8,898,872	8,306,044
Unrestricted	7,349,990	8,246,687	10,375,503	8,672,607
Total net assets	<u>\$ 39,962,406</u>	<u>\$ 33,188,160</u>	<u>\$ 34,725,435</u>	<u>\$ 31,513,475</u>

Governmental Activities

The cost of all Governmental activities this year was \$87.6 million. As shown on the Statement of Activities on the following page, \$22.9 million of this cost was paid for by those who directly benefited from the programs; \$46.2 million was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$69.2 million. General taxes and investment earnings totaled \$28.3 million.

The County's programs include: General Government, Judicial, Public Safety, Public Works, Health and Sanitation, Conservation and Economic Development, and Culture. Each program's revenues and expenditures are presented below.

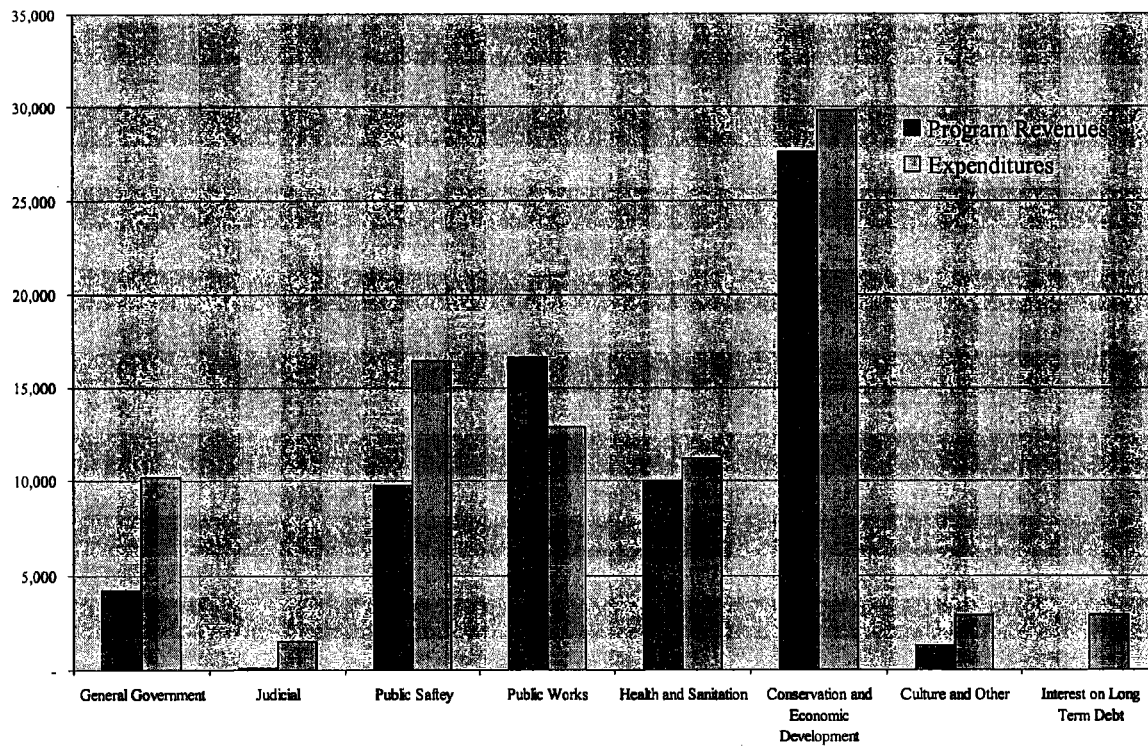
**Washington County
Changes in Net Assets**

	Governmental Activities		Component Unit Activities	
	2006	2005	2006	2005
Revenues:				
Program revenues:				
Charges for services	\$ 10,471,762	\$ 10,821,934	\$ 12,478,119	\$ 10,886,616
Operating grants and contributions	4,398,281	3,970,883	6,928,904	7,286,692
Capital grants and contributions	34,590,635	14,838,221	362,834	2,344,941
General revenues:				
Taxes	24,344,443	23,251,515	406,016	482,817
Other	1,625,236	858,230	1,963,924	608,272
Total revenues	<u>75,430,357</u>	<u>53,740,783</u>	<u>22,139,797</u>	<u>21,609,338</u>
Expenses:				
General government	10,205,203	7,695,650	-	-
Judicial	1,520,436	1,242,540	-	-
Public safety	15,567,523	14,931,518	868,217	916,769
Public works	4,193,818	3,790,380	8,627,622	8,644,316
Health and sanitation	1,748,278	1,884,684	9,462,109	8,970,010
Conservation and economic development	29,620,804	16,539,303	-	-
Culture and other	2,890,528	3,061,004	-	-
Interest on long term debt	2,909,521	2,601,124	-	-
Total expenses	<u>68,656,111</u>	<u>51,746,203</u>	<u>18,957,948</u>	<u>18,531,095</u>
Increase in net assets	6,774,246	1,994,580	3,181,849	3,078,243
Net assets, beginning	<u>33,188,160</u>	<u>31,193,580</u>	<u>31,543,586</u>	<u>28,435,232</u>
Net assets, ending	<u>\$ 39,962,406</u>	<u>\$ 33,188,160</u>	<u>\$ 34,725,435</u>	<u>\$ 31,513,475</u>

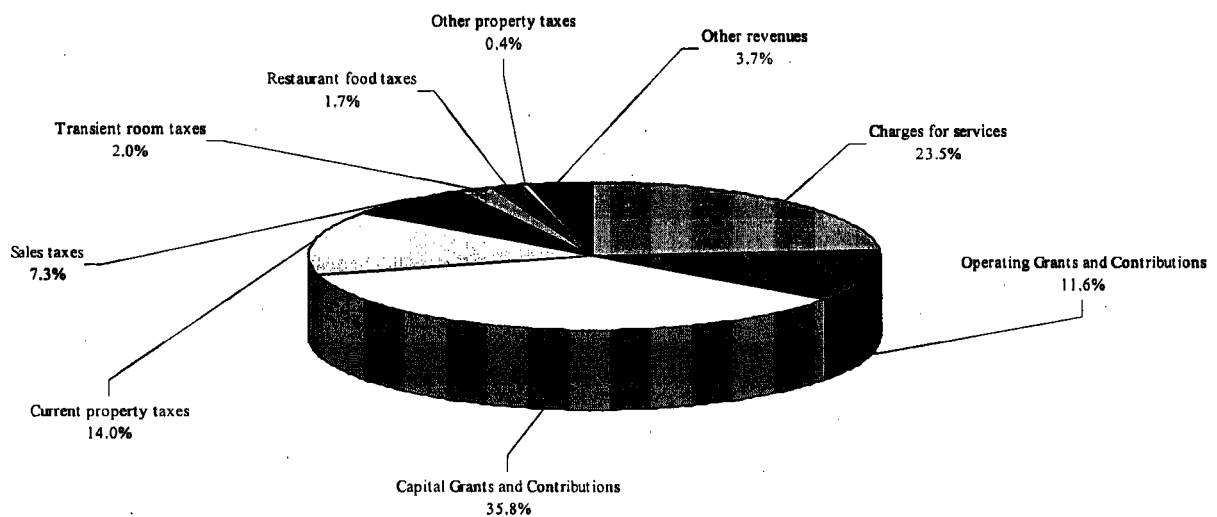
Total resources available during the year to finance operations were \$162.3 million consisting of Net assets at December 31, 2005 of \$64.7 million, program revenues of \$69.2 million and General Revenues of \$28.3 million. Total Governmental and Component Unit Activities during the year were \$87.6 million; thus Net Assets were increased by \$9.9 million to \$74.6 million.

The following graphs compare program revenues with program expenditures and provide a breakdown of revenues by source for governmental activities:

Program Revenues and Expenditures - Governmental Activities
(In Thousands)



Revenue By Source - Governmental Activities



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a brief discussion of financial highlights from the fund financial statements.

Governmental funds

The focus of the County's governmental fund financial statements (13-15) is to provide information on near-term inflows, outflows, and balances of spendable resources. All major governmental funds are discretely presented on these financial statements, while the non-major funds are combined into a single column. Combining statements for the non-major funds are reported on pages 57 to 60.

For the year ended December 30, 2006, the governmental funds reflect a combined fund balance of \$28,336,063. Of this, \$20,015,804 is reserved because it is not available for expenditure or is legally segregated for a specific future use. The remaining \$8,320,259 is classified as "Unreserved". This balance may serve as a useful indicator of a government's net resources available for spending at the end of the year.

The General fund is the principal operating fund of the County and accounts for many functions of the government, including general administrative services, judicial, public safety, public works, health and sanitation, conservation and economic development, culture and other. The general fund revenues total \$19,537,674 in 2006. The expenditures, before other financing sources and uses, totaled \$20,327,061. Actual General Fund revenues and expenditures were less than the prior year because the County established a new Assessing & Collecting special revenue fund. The net reduction in fund balance was \$1,481,813 of which \$1,224,000 was budgeted or anticipated to reduce the fund balance.

The Flood Damage Special Revenue Fund accounts for federal and state grants and other contributions that are restricted for specific use for flood repair projects in the County. Revenue in this fund totaled 26,462,144, while expenses totaled \$25,319,534 in 2006. The net revenues over expenditures result from interest earnings and in kind donations and will be used in future years for flood control measures. (See Page 53)

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment. This fund reported \$6,285,102 in tax revenues, assessment revenues and interest earnings. The County issued SID bonds for \$9,766,000 in 2005 for the Dixie Springs SID of which, \$5,482,692 was expended in 2006 for the project. This accounts for the reduction in fund balance of \$2,784,339 which is net of revenues to be used in future years for debt service. (See Page 55)

The Capital Projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. The Capital Projects fund reported \$2,603,002 in revenues and \$11,767,895 in capital outlay. The majority of the 2006 capital outlay is for the St. George and Springdale Libraries. Bond proceeds of \$9,245,000 in 2006 are being used to build a library in Washington City, remodel the library in Enterprise and for the expansion of the Hurricane Senior Center. (See Page 56)

The non-major funds of the County consist of the following funds special revenue funds: Municipal Service, Assessing & Collecting, Library, Council on Aging, Travel Board, Recreation, Grants, and Habitat Conservation. The non-major funds are combined into one column on the governmental fund statements. (See Pages 57 to 68 for combining and individual fund statements)

General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end were \$420,779 greater than actual expenditures. The budget to actual variance in appropriations was principally due to estimates of anticipated expenditures for miscellaneous services and supplies which carried over to the next fiscal year. Actual revenues were less than the final budget by \$682,626 mainly due to actual property tax and sales taxes received which were less than the budgeted revenue. Budget amendments and supplemental appropriations were made during the year to prevent budget overruns and to increase appropriations for unanticipated expenditures after adoption of the original budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the County are those assets that are used in performance of County functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. At the end of fiscal year 2006, net capital assets of the government activities totaled \$67.5 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 8 to the financial statements.)

Debt

At year-end, the County had \$61,328,640 in governmental type debt. The debt is a liability of the government and amounts to approximately \$463.06 per capita. During the current fiscal year, the County's total debt increased by \$6.5 million, consisting of new bond issues of \$9.3 million and debt payments or reduction of \$2.8 million. (See note 9 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The County uses a conservative approach during our budgeting process with the purpose to maintain a healthy fund balance. Operations are reviewed monthly to insure that the budget projections are staying on course. The goal for the 2006 fund balance was to maintain the fund balance at its present level. With the positive growth, the Board proposed to budget one half of the growth of 2006 to cover some of our 2006 budget needs. The other half is to remain in the Fund Balance to secure a stronger financial position for the County. A comment is made concerning the heavy flooding and numerous wildfires this past year. Federal Grants and State of Utah assistance plus generous donations in kind made it possible for the County to take care of the financial burdens with little impact to the Fund Balance of Washington County. These efforts made it possible to meet this unexpected disaster. The County has strongly maintained that no tax increases are to occur in the County without public approval. Budgets are closely monitored by Administration.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Washington County Auditor at 197 East Tabernacle, St. George, UT 84770

BASIC FINANCIAL STATEMENTS

WASHINGTON COUNTY
Statement of Net Assets
December 31, 2006

	<u>Primary Government Governmental Activities</u>	<u>Component Units</u>
Assets		
Cash and investments	\$ 5,156,557	\$ 12,027,312
Receivables (net of allowance for uncollectibles)	19,348,222	\$ 3,158,439
Prepaid assets	-	21,371
Deferred charges	472,161	-
Restricted cash and investments	29,661,716	8,942,910
Note receivable	4,782,560	-
Capital assets not being depreciated	1,685,863	6,066,095
Capital assets being depreciated, net of accumulated depreciation	<u>65,835,797</u>	<u>16,652,587</u>
Total assets	<u>126,942,876</u>	<u>46,868,714</u>
Liabilities		
Accounts payable and other current liabilities	15,728,106	1,013,079
Unearned revenue	9,176,575	-
Accrued interest payable	747,149	18,983
Noncurrent liabilities:		
Due within one year	3,233,000	221,538
Due in more than one year	<u>58,095,640</u>	<u>10,889,679</u>
Total liabilities	<u>86,980,470</u>	<u>12,143,279</u>
Net Assets		
Invested in capital assets, net of related debt	12,596,612	15,451,060
Restricted for:		
Capital projects	6,257,041	-
Class "B" roads	295,764	-
Debt Service	5,965,769	-
Other purposes	7,497,230	8,898,872
Unrestricted	<u>7,349,990</u>	<u>10,375,503</u>
Total net assets	<u>\$ 39,962,406</u>	<u>\$ 34,725,435</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Statement of Activities
For the Year Ended December 31, 2006

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating		Primary	Component Units
			Grants and Contributions	Capital Grants and Contributions		
Primary government:						
Governmental activities:						
General government	\$ 10,205,203	\$ 1,901,609	\$ 135,923	\$ 2,205,866	\$ (5,961,805)	
Judicial	1,520,436	38,293	74,275	-	(1,407,868)	
Public safety	15,567,523	5,926,003	2,163,751	1,171,151	(6,306,618)	
Public works	4,193,818	129,200	1,539,197	4,742,580	2,217,159	
Health and sanitation	1,748,278	515,995	187,077	-	(1,045,206)	
Conservation & economic development	29,620,804	648,580	298,058	26,471,038	(2,203,128)	
Culture and other	2,890,528	1,312,082	-	-	(1,578,446)	
Interest on long-term debt	2,909,521	-	-	-	(2,909,521)	
Total governmental activities	68,656,111	10,471,762	4,398,281	34,590,635	(19,195,433)	
Total primary government	\$ 68,656,111	\$ 10,471,762	\$ 4,398,281	\$ 34,590,635	\$ (19,195,433)	
Component units:						
Public safety	868,217	336,227	38,593	125,084	-	(368,313)
Public works	8,627,622	9,727,977	3,402	237,750	-	1,341,507
Health and sanitation	9,462,109	2,413,915	6,886,909	-	-	(161,285)
Total component units	\$ 18,957,948	\$ 12,478,119	\$ 6,928,904	\$ 362,834	\$ -	\$ 811,909
General revenues:						
Current property taxes				13,403,336	275,347	
Sales taxes				7,084,759	-	
Transient room taxes				1,976,726	-	
Restaurant food taxes				1,638,119	-	
Other property taxes				241,503	130,669	
Unrestricted investment earnings				1,625,236	799,604	
Gain on the sale of assets				-	-	
Other revenues				-	1,164,320	
Total general revenues and transfers				25,969,679	2,369,940	
Change in net assets				6,774,246	3,181,849	
Net assets - beginning				33,188,160	31,543,586	
Net assets - ending				\$ 39,962,406	\$ 34,725,435	

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Balance Sheet
Governmental Funds
December 31, 2006

	General Fund	Debt Service	Special Revenue Flood Damage	Capital Projects
Assets				
Cash and investments	\$ 2,259,446	\$ 2,461,414	\$ -	\$ -
Property taxes receivable	2,760,692	985,901	-	-
Assessments receivable	-	8,962,525	-	-
Due from other governments	1,919,145	-	965,966	149,268
Due from other funds	1,412,474	-	-	-
Prepaid assets	-	-	-	-
Notes receivable	20,000	-	-	-
Restricted cash and investments	452,723	4,371,040	11,761,006	7,309,504
Total assets	\$ 8,824,480	\$ 16,780,880	\$ 12,726,972	\$ 7,458,772
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	1,158,557	810,665	6,002	1,201,731
Accrued liabilities	396,842	-	11,410,947	-
Due to other funds	-	-	-	-
Unearned revenue	614,152	8,962,525	161,050	-
Total liabilities	2,169,551	9,773,190	11,577,999	1,201,731
Fund balances:				
Reserved for:				
Class "B" roads	295,764	-	-	-
Debt service fund	-	5,965,769	-	-
Other purposes	-	-	1,148,973	6,257,041
Unreserved, designated for subsequent year	95,700	1,041,921	-	-
Unreserved, designated for capital projects	3,800,000	-	-	-
Unreserved, undesignated	2,463,465	-	-	-
Unreserved, undesignated, reported in nonmajor:				
Special revenue funds	-	-	-	-
Total fund balances	6,654,929	7,007,690	1,148,973	6,257,041
Total liabilities and fund balances	\$ 8,824,480	\$ 16,780,880	\$ 12,726,972	\$ 7,458,772

Amounts reported for governmental activities in the statement of net assets are different because:

Some receivables are not available in the current period and therefore are not reported in the funds.

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Revenues considered unearned and not reported in the funds

Some liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.

Net assets of governmental activities

The accompanying notes are an integral part of the financial statements

Other Governmental Funds	Total Governmental Funds
\$ 435,697	\$ 5,156,557
2,335,598	6,082,191
-	8,962,525
1,269,127	4,303,506
5,750	1,418,224
-	-
-	20,000
5,767,443	29,661,716
<u>\$ 9,813,615</u>	<u>\$ 55,604,719</u>

577,368	3,754,323
165,994	11,973,783
1,418,224	1,418,224
384,599	10,122,326
<u>2,546,185</u>	<u>27,268,656</u>

-	295,764
-	5,965,769
6,348,257	13,754,271
-	1,137,621
-	3,800,000
-	2,463,465
919,173	919,173
<u>7,267,430</u>	<u>28,336,063</u>
<u>\$ 9,813,615</u>	

4,762,560

67,521,660

945,751

(61,603,628)

\$ 39,962,406

WASHINGTON COUNTY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General Fund	Debt Service	Special Revenue Flood Damage	Capital Projects
Revenues				
Taxes	\$ 10,996,531	\$ 2,527,415	\$ -	\$ -
Licenses and permits	25,680	-	-	-
Intergovernmental	5,422,103	-	26,138,494	2,125,866
Charges for services	950,031	-	-	-
Fines and forfeitures	1,367,412	-	-	-
Interest	279,273	382,079	321,675	477,136
Sub-lease revenue	-	-	-	-
Other revenue	496,644	3,375,608	1,975	-
Total revenues	19,537,674	6,285,102	26,462,144	2,603,002
Expenditures				
Current:				
General government	3,993,769	7,437	-	-
Judicial	1,500,355	-	-	-
Public Safety	11,155,505	-	-	-
Public Works	2,339,354	-	-	-
Health and Sanitation	974,951	-	-	-
Conservation & Economic Development	183,093	-	25,319,534	-
Culture and other	157,655	-	-	-
Matching Funds & contributions	22,379	-	-	-
Capital outlay	-	5,485,116	-	11,767,895
Debt service:				
Principal	-	2,096,000	-	-
Interest	-	1,733,888	-	-
Total expenditures	20,327,061	9,322,441	25,319,534	11,767,895
Excess revenues over (under) expenditures	(789,387)	(3,037,339)	1,142,610	(9,164,893)
Other financing sources (uses)				
Transfers in	-	253,000	-	-
Transfers out	(692,426)	-	-	-
Bond Issue Costs	-	-	-	(259,666)
Debt proceeds	-	-	-	9,245,000
Total other financing sources and uses	(692,426)	253,000	-	8,985,334
Net change in fund balances	(1,481,813)	(2,784,339)	1,142,610	(179,559)
Fund balances - beginning of year	8,136,742	9,792,029	6,363	6,436,600
Fund balances - end of year	\$ 6,654,929	\$ 7,007,690	\$ 1,148,973	\$ 6,257,041

The accompanying notes are an integral part of the financial statements

Other Governmental Funds	Total Governmental Funds
\$ 9,748,592	\$ 23,272,538
175,065	200,745
5,489,383	39,175,846
1,825,476	2,775,507
58,819	1,426,231
165,073	1,625,236
605,601	605,601
591,794	4,466,021
<u>18,659,803</u>	<u>73,547,725</u>
4,367,156	8,368,362
-	1,500,355
4,008,808	15,164,313
380,080	2,719,434
1,032,360	2,007,311
4,070,544	29,573,171
2,630,332	2,787,987
-	22,379
-	17,253,011
648,000	2,744,000
<u>1,072,612</u>	<u>2,806,500</u>
<u>18,209,892</u>	<u>84,946,823</u>
<u>449,911</u>	<u>(11,399,098)</u>
589,426	842,426
(150,000)	(842,426)
-	(259,666)
-	9,245,000
<u>439,426</u>	<u>8,985,334</u>
889,337	(2,413,764)
<u>6,378,093</u>	<u>30,749,827</u>
<u>\$ 7,267,430</u>	<u>\$ 28,336,063</u>

WASHINGTON COUNTY
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To The Statement of Activities
For the Year Ended December 31, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ (2,413,764)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	15,185,833
The statement of activities only reports the loss on the sale of capital assets. In the governmental funds, only the proceeds from the sale are reported. This is the difference between the net book value of the capital assets sold and the proceeds.	(1,505,898)
Donations of capital assets do not provide current financial resources and, therefore, are not reported as revenues in governmental funds.	1,366,972
Sub-lease revenues reported in the funds that provide current financial resources are reported as a reduction of notes receivable in the statement of net assets.	(297,540)
Revenues that do not provide current financial resources are not reported as revenues in governmental funds. This represents the change in unearned revenues for property taxes that have previously been deferred in the funds.	945,751
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(6,241,334)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(265,774)</u>
Change in net assets of governmental activities	<u>\$ 6,774,246</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Combined Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2006

	<u>Agency Funds</u>
Assets	
Cash and investments	\$ 44,913,504
Due from other governments	-
Property taxes receivable	1,028,633
Due from other funds	-
Total Assets	<u>\$ 45,942,137</u>
Liabilities	
Deposits held in trust	\$ 3,870,151
Due to taxing districts	35,989,795
Due to Washington County General Fund	4,020,921
Due to other funds	2,061,270
Reserve for refund	-
Total Liabilities	<u>\$ 45,942,137</u>
Net Assets	
Held in trust for individuals, organizations, and other governments	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Combining Statement of Net Assets
Component Units
December 31, 2006

	Southwest Utah Public Health Dept.	Ash Creek SSD	Washington County Solid Waste SSD	Nonmajor Component Units	Total Component Units
Assets					
Current assets:					
Cash and investments	\$ 257,422	\$ 1,980,500	\$ 8,540,913	\$ 1,248,477	\$ 12,027,312
Property Taxes Receivable	-	-	-	-	-
Taxes Receivable	-	-	-	-	-
Due from other governments	1,929,222	-	-	58,834	1,988,056
Due from other sources	179,030	249,167	634,709	107,477	1,170,383
Prepaid assets	6,717	-	-	14,654	21,371
Total current assets	<u>2,372,391</u>	<u>2,229,667</u>	<u>9,175,622</u>	<u>1,429,442</u>	<u>15,207,122</u>
Noncurrent assets:					
Deferred charges	-	-	-	-	-
Restricted cash and investments	36,900	3,785,903	4,829,264	290,843	8,942,910
Capital assets not being depreciated	172,220	5,296,995	5,000	591,880	6,066,095
Capital assets being depreciated, net of accumulated depreciation	3,418,867	6,840,305	2,797,870	3,595,545	16,652,587
Total noncurrent assets	<u>3,627,987</u>	<u>15,923,203</u>	<u>7,632,134</u>	<u>4,478,268</u>	<u>31,661,592</u>
Total assets	<u>\$ 6,000,378</u>	<u>\$ 18,152,870</u>	<u>\$ 16,807,756</u>	<u>\$ 5,907,710</u>	<u>\$ 46,868,714</u>
Liabilities					
Current liabilities:					
Accounts payable	\$ 343,157	\$ 26,555	\$ 520,390	\$ 5,762	\$ 895,864
Accrued liabilities	55,384	7,383	10,733	43,715	117,215
Compensated absences	286,525	-	3,706	-	290,231
Accrued interest payable	11,711	-	-	7,272	18,983
Total current liabilities	<u>696,777</u>	<u>33,938</u>	<u>534,829</u>	<u>56,749</u>	<u>1,322,293</u>
Noncurrent liabilities:					
Due within one year	48,000	123,000	-	50,538	221,538
Due in more than one year	4,457,750	2,372,000	2,569,709	1,199,989	10,599,448
Total noncurrent liabilities	<u>4,505,750</u>	<u>2,495,000</u>	<u>2,569,709</u>	<u>1,250,527</u>	<u>10,820,986</u>
Total liabilities	<u>5,202,527</u>	<u>2,528,938</u>	<u>3,104,538</u>	<u>1,307,276</u>	<u>12,143,279</u>
Net Assets:					
Invested in capital assets, net of related debt	465,543	9,642,300	2,802,870	2,540,347	15,451,060
Restricted	36,900	3,785,903	4,777,264	298,805	8,898,872
Unrestricted	295,408	2,195,729	6,123,084	1,761,282	10,375,503
Total net assets	<u>\$ 797,851</u>	<u>\$ 15,623,932</u>	<u>\$ 13,703,218</u>	<u>\$ 4,600,434</u>	<u>\$ 34,725,435</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Combining Statement of Activities
Component Units
For the Year Ended December 31, 2006

	Southwest Utah Public Health Dept.	Ash Creek SSD	Washington County Solid Waste SSD	Nonmajor Component Units	Total Component Units
Expenses:					
Public safety:					
Fire and emergency services	\$ -	\$ -	\$ -	\$ 868,217	\$ 868,217
Public works					
Sewer services	-	1,429,498	-	-	1,429,498
Solid waste services	-	-	6,921,785	-	6,921,785
Water services	-	-	-	276,339	276,339
Health and sanitation					
Health services	9,462,109	-	-	-	9,462,109
Mosquito abatement	-	-	-	-	-
Total expenses	<u>9,462,109</u>	<u>1,429,498</u>	<u>6,921,785</u>	<u>1,144,556</u>	<u>18,957,948</u>
Program revenues:					
Charges for services	2,413,915	1,530,940	7,941,024	592,240	12,478,119
Operating grants and contributions	6,886,909	-	-	41,995	6,928,904
Capital grants and contributions	-	-	-	362,834	362,834
Net (expense) revenue	<u>(161,285)</u>	<u>101,442</u>	<u>1,019,239</u>	<u>(147,487)</u>	<u>811,909</u>
General revenues:					
Property taxes	-	-	-	275,347	275,347
Sales taxes	-	-	-	-	-
Other taxes	-	-	-	130,669	130,669
Unrestricted investment earnings	50,448	158,689	538,424	52,043	799,604
Miscellaneous	50,475	1,064,005	-	49,840	1,164,320
Transfers	-	-	-	-	-
Debt Proceeds	-	-	-	-	-
Total general revenues and transfers	<u>100,923</u>	<u>1,222,694</u>	<u>538,424</u>	<u>507,899</u>	<u>2,369,940</u>
Change in net assets	(60,362)	1,324,136	1,557,663	360,412	3,181,849
Total net assets - beginning	<u>858,213</u>	<u>14,299,796</u>	<u>12,145,555</u>	<u>4,240,022</u>	<u>31,543,586</u>
Total net assets - ending	<u>\$ 797,851</u>	<u>\$ 15,623,932</u>	<u>\$ 13,703,218</u>	<u>\$ 4,600,434</u>	<u>\$ 34,725,435</u>

The accompanying notes are an integral part of the financial statements

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 1. Summary of Significant Accounting Policies

General

The County is a political subdivision of the State of Utah with a County Commission comprised of three commissioners elected at large. The financial statements of Washington County (the County) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are described below.

Reporting Entity

For financial reporting purposes, the County has included all funds, and account groups. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationships with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is whether or not the County exercises significant influence over the potential component unit. Significant influence or accountability is based primarily on operational or financial relationships with the County.

The accompanying financial statements include all activities of Washington County (the primary government) and its component units. Blended component units, although legally separate entities, are in substance, part of the government's operations. Data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County.

The following **blended component unit** transactions are blended into the audit report issued by the County. No separate audit report is issued:

The Municipal Building Authority of Washington County, Utah (the Authority) was formally recognized by the State of Utah as a incorporated entity in 1998. The Authority was formed for the purpose of accomplishing the public purposes for which Washington County exists by acquiring, improving, or extending one or more projects and financing the cost of such projects on behalf of Washington County. The Authority is governed by a board of trustees comprised of the elected officials of Washington County.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 1. Summary of Significant Accounting Policies (Continued)

The following **discretely presented component units** had separately issued audited financial statements:

Southwest Utah Public Health Department (Major Special Revenue Fund) - The Department provides health related services to the citizens and government units in Washington, Iron, Kane, Beaver, and Garfield counties. The department is funded by state and federal financial assistance, county contributions and charges for services. The Department issued separate audited financial statements dated July 17, 2007.

Ash Creek Special Service District (Major Enterprise Fund) - The District provides sewer service to the communities of Hurricane, LaVerkin and Toquerville and is funded mainly through user fees. The District was created by the County under the Utah Special Service District Act. The District issued separate audited financial statements May 31, 2007.

Washington County Solid Waste Special Service District No. 1 (Major Enterprise Fund) - The District provides solid waste disposal service to the residents of the various municipalities within the County and to the unincorporated areas of the County. The District is funded entirely by charges for services. The County appoints one of twenty board members and provides no financial support to the District. The district issued separate audited financial statements dated June 26, 2007.

Rockville/Springdale Fire Protection District (Non-major Enterprise Fund) - The District provides fire protection to the communities of Rockville and Springdale, Utah and is funded mainly through user fees. The District issued separate audited financial statements dated May 16, 2007.

The following **discretely presented component units** did not have separately issued audited financial statements. All of the following were created by the County under the Utah Special Service District Act:

Angell Springs Special Service District (Non-major Enterprise Fund) - The District provides water for the Angell Springs Subdivision and is funded through user fees and grants and loans.

Dixie Deer Special Service District (Non-major Enterprise Fund) - The District provides water, sewer services and fire protection to the Dixie Deer Estates and is funded through user fees.

Dammeron Valley Special Service District (Non-major Enterprise Fund) - The District provides water and other services to the community of Dammeron Valley funded through user fees and other revenues.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 1. Summary of Significant Accounting Policies (Continued)

Leads Area Special Service District (Non-major General Fund) - The District provides fire protection and ambulatory services to the community of Leads, Utah funded through user fees and other revenues.

Pine Valley Special Service District (Non-major Enterprise Fund) - The District provides water for the Pine Valley area and is funded through user fees.

Southwestern Special Service District (Non-major General Fund) - The District provides fire protection to the communities of Winchester Hills and Diamond Valley funded through user fees and other revenues.

Gunlock Special Service District (Non-major Enterprise Fund) - The District provides water, street lights and park services to the community of Gunlock funded through user fees and other revenues.

Northwestern Special Service District (Non-major Enterprise Fund) - The District provides fire protection to the community of Veyo, Gunlock, Central and Brookside, Utah funded through user fees and other revenues.

The following component units did not have separately issued audited financial statements and are included in these financial statements based on 2005 figures because their 2006 financial statements were not available and because their assets, liabilities, equity, revenues and expenses are deemed immaterial to the County as a whole. All of the following were created by the County under the Utah Special Service District Act:

New Harmony Valley Special Service District (Non-major General Fund) - The District provides fire protection to the community of New Harmony funded through user fees and other revenues.

A related organization for which the County is accountable because it appoints a voting majority of the board, but is not financially accountable based on the previously mentioned criteria is:

Washington County Water Conservancy District.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 1. Summary of Significant Accounting Policies (Continued)

Organizations which are considered as **jointly governed organizations** based on the criteria set forth by the GASB are as follows:

Southwest Center - the Center provides mental health and drug and alcohol services to the five counties of southwestern Utah. One of the County's commissioners serves on the center's authority board. The Center is funded through state and federal government grants and contracts, fees for services and contributions from the five counties served. In 2006, the County provided \$245,000 in funding to the Center. The County does not retain an ongoing financial interest or responsibility in the Center.

Five County Association of Governments - The Association provides various services to the various governmental and educational units in the five counties of southwestern Utah. One of the County's commissioners serves on the steering committee of the association. The Association is funded through state and federal government grants and contracts and through contributions from the participating entities. In 2006 the County contributed \$15,000 to the Association. The County does not retain an ongoing financial interest or responsibility in the Association.

Washington County/St. George Interlocal Agency (WCIA) - The Agency constructs, operates and maintains convention and regional park facilities for the County and St. George City (the City). Two of the County's commissioners serve on the Agency's governing body along with two representatives appointed by the City along with an at-large member appointed by the WCIA. The County leases the convention center and regional park facilities from the WCIA and subleases an undivided 38% interest in the convention center to the City. See Long-Term Debt footnote for additional disclosures.

Southwestern Mosquito Abatement District - The District provides mosquito abatement and control services for Washington County and the municipalities of Enterprise, Hildale, Hurricane, Ivins, LaVerkin, Leeds, New Harmony, Rockville, Santa Clara, St. George, Toquerville, Virgin and Washington City funded by tax revenues.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 1. Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than as an expenditure. Proceeds from long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of a related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 1. Summary of Significant Accounting Policies (Continued)

Property taxes, room taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The **General Fund** is used to account for all financial resources applicable to the general operations of County government which are not accounted for in other funds. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.

The **Debt Service funds** are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

The **Flood Damage Special Revenue Fund** accounts for revenue sources that are legally restricted to expenditure for flood damage and river bank improvements.

The **Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds and trust funds.

The County's **non-major governmental funds** account for specific revenue sources that are legally restricted to expenditures for specific purposes. Non-major funds are the Municipal Services, Library, Council on Aging, Travel Board, Recreation, Grants and Habitat Conservation.

Additionally, the County reports the following fiduciary funds:

Agency Funds account for assets held by the County as an agent for individuals, private organizations and other governmental units. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 1. Summary of Significant Accounting Policies (Continued)

Deposits and Investments

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The County's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, obligations of the U. S. Government and other investments as allowed by the State of Utah's Money Management Act. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to" or "due from other funds." The County does not have any trade accounts receivable, all other receivables are deemed collectible and an allowance for uncollectible accounts is deemed immaterial and has not been recorded. Component Unit proprietary fund receivables are recorded net of allowances as determined by each respective component unit.

Property Taxes

The property taxes of Washington County are levied, collected, and distributed by the County as required by Utah State law. Utah statutes established the process by which taxes are levied and collected. The County Assessor is required to assess real property as of January 1 and complete the tax rolls by June 22. By July 22, the County Auditor is to mail notices of assessed value and tax changes to property owners. A taxpayer may then petition the County Board of Equalization on specified dates in August for a revision of the assessed value.

Approved changes in assessed value are made by the County Auditor by November 1, who also delivers the completed assessment rolls to the County Treasurer on that same date. September 1, is the approximate levy date with a due date of November 30. Delinquent taxes are subject to 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15, of the following year, these delinquent taxes, including penalties, are subject to an interest charge at a rate equal to the federal discount rate plus 6%; the interest period is from January 1 until date paid. If in May of the fifth year, the taxes remain delinquent, the County will advertise and sell the property at a tax sale. As of January 1, all unpaid property taxes are considered to have liens against the property.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 1. Summary of Significant Accounting Policies (Continued)

Inventories

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the County as assets with an individual cost of more than \$10,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	40 years
Treatment facilities and improvements	40 years
Machinery and equipment	7 to 10 years
Storm drains and inlets	40 years
Streets and sidewalks	20 years
Signs	40 years

Compensated Absences

The estimated current portion of the liability for vested vacation and sick leave benefits attributable to the County's governmental funds is recorded as an expenditure and liability in the respective funds. The long-term portion is recorded in the General Long-Term Debt Account Group. The amounts attributable to proprietary funds are charged to expense and a corresponding liability in the applicable fund.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 1. Summary of Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Estimates

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Bonds payable	\$ 33,700,000
Less: Deferred charge for issuance costs (to be amortized)	(472,161)
Less: Deferred charge on refunding (to be amortized)	(519,231)
Capital leases payable	17,752,000
Special assessment debt payable	9,227,000
Compensated absences	1,168,871
Accrued interest payable	<u>747,149</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	 <u><u>\$ 61,603,628</u></u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of differences between governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$ 19,376,171
Depreciation expense	<u>(4,190,338)</u>
Net adjustment to increase <i>net changes in fund balance --</i> <i>total governmental funds</i> to arrive at <i>changes in net assets</i> <i>of governmental activities</i>	<u><u>\$ 15,185,833</u></u>

Another element of that reconciliation states that "issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (9,245,000)
Principal repayments:	
Bonds payable	2,096,000
Capital leases	648,000
Bond issue costs	<u>259,666</u>
Net adjustment to decrease <i>net changes in fund balances</i> <i>total governmental funds</i> to arrive at <i>changes in net assets</i> <i>of governmental activities</i>	<u><u>\$ (6,241,334)</u></u>

Another element of the reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The detail of this difference is as follows:

Compensated absences	\$ (162,753)
Accrued interest	(28,446)
Amortization of deferred charge on refunding and bond issuance costs	<u>(74,575)</u>
Net adjustment to decrease <i>net changes in fund balances -</i> <i>total governmental funds</i> to arrive at <i>changes in net assets</i> <i>of governmental activities</i>	<u><u>\$ (265,774)</u></u>

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 3. Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the County. The use of budgets and monitoring of equity status facilitate the County's compliance with legal requirements.

The County uses the following procedures to establish, modify and control the budgetary data presented in the financial statements.

The County Commission adopts a budget for all of the County's funds except trust and agency funds. The Boards of the component units adopt their own budgets independent of the County. All budget amounts presented in the accompanying financial statements and supplementary information have been adjusted for legally authorized revisions of the annual budgets during the year. During the current fiscal year there were amendments to the budget. Procedures followed for amending the budgets were in accordance with State laws.

All Governmental Fund budgets are maintained on the modified accrual basis of accounting.

The actual results of operations are presented in accordance with GAAP.

Expenditures over Appropriations

Expenditures may not legally exceed budgeted appropriations at the department level. The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual reports beginning on page 48 present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended December 31, 2006, if any.

Deficit Fund Equity

Both the Assessing & Collecting and the Grants non-major special revenue funds had deficit fund balances as of December 31, 2006. The County intends to eliminate the Assessing & Collecting deficit fund balance of \$151,929 through an increased tax rate for the local assessing and collection taxes during 2007. The Grants fund deficit of \$12,302 should be offset with the receipt of grant revenues in the upcoming year or by contributions from the General fund.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the County.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 4. Deposits and Investments

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The County follows the requirements of the Utah Money Management Act (*Utah code*, Section 51, chapter 7) in handling its depository and investment transactions. The Act requires the depositing of County funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The County does not have a formal policy for custodial credit risk. As of December 31, 2006, \$8,323,121 of the County's bank balance of \$10,315,286 was exposed to custodial credit risk because it was uninsured and uncollateralized. No deposits are collateralized, nor is it required by state statute.

As of December 31, 2006, \$7,075,709 of the Washington County Solid Waste Special Service District bank balance of \$7,298,750 and \$54,257 of the Ash Creek Special Service District bank balance of \$154,257 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The County Treasurer by statute is also the treasurer of the Southwest Utah Public Health Department (Health Department), which is a discretely presented component unit of the County. The Health department's cash and investments are reported in the County's Agency Fund and are pooled with the County's and deposited and invested in accordance with the policies of the County.

Investments

The Money Management Act defines the types of securities authorized as appropriate investment for the County and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 4. Deposits and Investments (Continued)

Statutes authorize the County to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poor's, bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended.

The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gain or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

As of December 31, 2006 the County had the following investments and maturities:

Investment Type	Fair Value	Investments Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Local Government Pooled Investment Fund	\$72,476,436	\$72,476,436	\$ -	\$ -	\$ -

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 4. Deposits and Investments (Continued)

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act.

At June 30, 2006 the County had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Local Government Pooled Investment Fund	\$72,476,436	\$72,476,436	\$ -	\$ -	\$ -
Total Fair Value	<u>\$72,476,436</u>	<u>\$72,476,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Significant investments of discretely presented **component units** are all with the State Treasurer's Investment Pool which are categorized the same as the County PTIF above and are as follows:

	Carrying Amount	Quality Rating
Ash Creek Special Service District	\$ 5,664,654	AAA
Wash. County Solid Waste Special Svc. Dist. No. 1	\$ 6,023,316	AAA

NOTE 5. Receivables

Property taxes receivable in the governmental funds represent property taxes collected by the County and held in the Treasurer's Trust Fund at December 31, 2006. These monies were distributed to the various County funds in January 2007 and thereafter. Amounts not distributed within 60 days of year-end are reported as deferred revenue in the funds. Assessing and Collecting receivables are also included in taxes receivable. The County is allowed by state statute to set a tax rate to cover the costs of assessing and collecting property taxes. For 2006, the County's combined tax rate for assessing and collecting was .000257. Property taxes receivable that are shown in the Trust Funds represent accruals for property taxes collected by the County subsequent to year end through January 15, 2007.

Notes receivable that are shown on the Statement of Net Assets include \$4,762,560 receivable from St. George City for payments due on the Convention Center and the Museum subleases, see Note 9, and \$20,000 receivable from Apple Valley.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 6. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2006, is as follows:

<u>Due from Other Funds reported in:</u>			
	<u>General Fund</u>	<u>Grants Fund</u>	<u>Total</u>
Due to Other Funds reported in:			
General Fund	\$ -	\$ -	\$ -
Flood Damage Fund	-	-	-
Nonmajor Special Revenue Funds:			
Library Special Revenue Fund	363,101	-	\$ 363,101
Council on Aging Fund	-	5,750	\$ 5,750
Assessing & Collecting	966,045	-	\$ 966,045
Grants Fund	83,328	-	\$ 83,328
Total Interfund Balances	<u>\$ 1,412,474</u>	<u>\$ 5,750</u>	<u>\$ 1,418,224</u>

Transfers between funds occur primarily to finance programs accounted for in one fund with resources collected in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended December 31, 2006 are shown in the following table:

<u>Transfers out reported in:</u>			
	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Total</u>
Transfers in reported in:			
Debt Service Fund	\$ 253,000	\$ -	\$ 253,000
Nonmajor Special Revenue Funds:			
Travel Board Fund	-	150,000	150,000
Council on Aging Fund	325,000	-	325,000
Grants Fund	114,426	-	114,426
Total Transfers	<u>\$ 692,426</u>	<u>\$ 150,000</u>	<u>\$ 842,426</u>

NOTE 7. Due to Taxing Districts

Due to taxing districts shown in the combined statement of fiduciary net assets represents property taxes collected by the County for the various taxing districts in the County and held in the treasurer's Trust Fund at December 31, 2006. These monies were distributed in January of 2007 and thereafter.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 8. Capital Assets

The following table summarizes the changes to the general fixed assets during the year ended December 31, 2006.

Governmental Activities:	Balance 12/31/2005	Additions	Deletions	Balance 12/31/2006
Capital assets, not being depreciated:				
Land	\$ 1,635,633	\$ 50,230	\$ -	\$ 1,685,863
Total capital assets, not being depreciated:	1,635,633	50,230	-	1,685,863
Capital assets, being depreciated:				
Buildings and improvements	27,136,959	11,128,285	(2,010,306)	36,254,938
Convention Center	12,344,835	-	-	12,344,835
Regional Park	4,271,958	-	-	4,271,958
Museum	2,279,863	-	-	2,279,863
Autos and trucks	5,574,016	545,832	(170,556)	5,949,292
Equipment	8,678,592	1,658,436	-	10,337,028
Furniture and fixtures	416,197	264,089	-	680,286
Bridges, Towers, Trails	3,024,941	1,382,934	(487,000)	3,920,875
Streets and sidewalks	26,240,977	232,486	-	26,473,463
Construction in progress	4,542,118	7,083,237	(1,602,386)	10,022,969
Total capital assets, being depreciated:	94,510,456	22,295,299	(4,270,248)	112,535,507
Less accumulated depreciation for:				
Buildings and improvements	(5,075,419)	(942,192)	568,035	(5,449,576)
Convention Center	(2,875,185)	(316,534)	-	(3,191,719)
Regional Park	(970,659)	(111,712)	-	(1,082,371)
Museum	(526,786)	(58,458)	-	(585,244)
Autos and trucks	(3,220,707)	(789,867)	106,929	(3,903,645)
Equipment	(6,881,568)	(517,549)	-	(7,399,117)
Furniture and fixtures	(301,231)	(44,906)	-	(346,137)
Bridges, Towers, Trails	(2,717,660)	(90,632)	487,000	(2,321,292)
Streets and sidewalks	(21,102,121)	(1,318,488)	-	(22,420,609)
Total accumulated depreciation	(43,671,336)	(4,190,338)	1,161,964	(46,699,710)
Total capital assets, being depreciated, net	50,839,120	18,104,961	(3,108,284)	65,835,797
Governmental activities capital assets, net	\$ 52,474,753	\$ 18,155,191	\$ (3,108,284)	\$ 67,521,660

Depreciation expense was charged to the functions/programs of the County as follows:

Governmental Activities:	
General government	\$ 793,703
Public safety	793,891
Judicial	11,292
Public works	1,795,432
Health and sanitation	186,368
Conservation and economic development	222,909
Other	386,743
Total depreciation expense - governmental activities	\$ 4,190,338

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 9. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2006.

Governmental activities:	Balance			Balance	Current
General Obligation:	12/31/2005	Additions	Retirements	12/31/2006	Portion
Public safety G.O. bonds	\$ 440,000		\$ 440,000	\$ -	\$ -
Refunding G.O. bonds	7,115,000	-	90,000	7,025,000	550,000
Less deferred amounts on refunding	(571,154)	-	(51,923)	(519,231)	-
Library G.O. bonds	7,765,000	-	290,000	7,475,000	295,000
Series 2002 G.O. bonds	8,730,000		375,000	8,355,000	390,000
Capital leases (Convention)	17,755,000		615,000	17,140,000	680,000
Capital leases (Museum)	645,000		33,000	612,000	35,000
Accrued Compensated Absences	1,006,118	270,978	108,225	1,168,871	208,000
Total General Obligation	42,884,964	270,978	1,899,302	41,256,640	2,158,000
Revenue Obligation:					
Sales tax revenue bonds, series 2006	-	8,380,000	-	8,380,000	185,000
MBA Lease revenue bonds, series 2006	-	865,000	-	865,000	20,000
Lease revenue bonds	1,770,000	-	170,000	1,600,000	100,000
Total Revenue Obligation	1,770,000	9,245,000	170,000	10,845,000	305,000
Special Assessment Debt with Government Commitment:					
SID No. 2002-1 - Diamond Valley	192,000	-	21,000	171,000	22,000
SID No. 2004-1 - Dixie Springs	9,766,000	-	710,000	9,056,000	748,000
Total Special Assessment	9,958,000	-	731,000	9,227,000	770,000
Total Governmental activity long-term liabilities	\$ 54,612,964	\$ 9,515,978	\$ 2,800,302	\$ 61,328,640	\$ 3,233,000

Debt service requirements to maturity for bonds payable are as follows:

Period Ending	Principal	Interest	Total
December 31			
2007	2,310,000	1,974,247	4,284,247
2008	2,335,000	1,950,501	4,285,501
2009	2,436,000	1,846,128	4,282,128
2010	2,588,000	1,735,254	4,323,254
2011	2,703,000	1,611,317	4,314,317
2012-2016	14,311,000	5,852,186	20,163,186
2017-2021	7,843,000	2,915,346	10,758,346
2022-2026	4,011,000	1,341,905	5,352,905
2027-2031	1,975,000	774,618	2,749,618
2032-2036	2,415,000	319,953	2,734,953
	\$42,927,000	\$20,321,455	\$63,248,455

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 9. Long-Term Debt (Continued)

Bonds payable at December 31, 2006, consist of the following:

General Obligation:

Refunding G. O. Bonds Series 2004 for the purpose of refunding Public Safety Bonds, Series 1997, payable in amounts ranging from \$327,570 to \$798,800 including interest ranging from 2% to 5%, maturing December 1, 2017. \$ 7,025,000

G. O. Bonds Series 2003 for the purpose of constructing and/or remodeling libraries within the County, payable in amounts ranging from \$355,000 to \$715,000 plus interest ranging from 2% to 5%, maturing October 1, 2022. 8,355,000

G. O. Bonds Series 2004B for the purpose of constructing and/or remodeling libraries and the Senior Center within the County, payable in amounts ranging from \$619,750 to \$624,750 including interest ranging from 3% to 5%, maturing October 1, 2024. 7,475,000

Special Assessment:

Dixie Springs SID No. 2004-1 Special Assessment Bonds, Series 2005, payable in annual installments ranging from \$1,404,268 to \$1,405,185 including interest at 7.25%, maturing June 1, 2015. 9,056,000

Diamond Valley SID No. 2002-1 Special Assessment Bonds, Series 2003, payable in annual installments ranging from \$28,218 to \$29,731 including interest ranging from 2.0% to 4.5%, maturing May 1, 2013. 171,000

Revenue Obligation:

Sales Tax Revenue Bonds, Series 2006, for the purpose of paying costs of building acquisitions and improvements, payable in amounts ranging from \$115,000 to \$485,000 plus interest ranging from 4% to 4.5%, maturing September 1, 2036. 8,380,000

MBA Lease Revenue Bonds, Series 2006B, for \$865,000 for the expansion of the Hurricane Senior Center, payable in amounts ranging from \$20,000 to \$39,000 plus interest at 2.5%, maturing January 1, 2037. 865,000

Lease Revenue Bonds, Series 1998, for the purpose of paying costs of building acquisitions and improvements, payable in amounts ranging from \$45,000 to \$75,000 plus interest ranging from 4% to 5.2%, maturing June 15, 2018. 1,600,000

Total Bonds Payable \$ 42,927,000

The County issued \$7,330,000 of general obligation refunding bonds in 2004 to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of the Public Safety G.O. Bonds. As a result, \$6,655,000 of the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$675,000. This amount is being netted against the new debt and amortized over the remaining life of the new debt, which is the same life as the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$386,069 and resulted in an economic gain of \$299,354.

See note 16 regarding conduit debt obligations outstanding and related lease receivables.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 9. Long-Term Debt (Continued)

Capital Leases (Agency):

Convention Center and Regional Park:

The Washington County/St. George City Interlocal Agency (the Agency) and Washington County entered into a direct financing lease agreement, dated November 1, 1997, for the lease of the convention facilities constructed by the Agency. The lease term commenced on the date of delivery of the Series 1998A Bonds and ended December 31, 1998; however, the lease term has been continued, and may be continued, solely at the option of the County, beyond the first "renewal term" and for 24 consecutive additional renewal terms thereafter each of one year in duration (except that the final renewal term shall commence January 1, 2022 and end on December 31, 2022). The County pays base rentals which correspond with the debt service on the Agency's \$20,290,000 Lease Revenue Bonds.

The County has entered into a sub-lease agreement with St. George City, whereby the City has leased a 38% undivided interest in the Agency's convention center facilities. The Agency will receive from the City sublease payments totaling \$10,179,096 over the 25 year period with annual payments ranging from \$304,057 to \$578,188.

The Agency's right and interest in the facilities will be transferred to the County and St. George City upon payment by the County and the City of the then applicable purchase option price, or all the base rentals, or upon the discharge of the lien on the Indenture.

The lease is considered a capital lease based on GASB's *Codification*, Section L20.119-122 and FASB's Statement 13. The following is an annual schedule of future minimum lease payments and St. George City's sublease payments:

Fiscal Period Ending December 31	St. George City Share	County Share	County Regional Park	Total
2007	534,414	523,262	494,384	1,552,060
2008	534,774	523,263	526,384	1,584,421
2009	544,254	523,263	555,771	1,623,288
2010	547,176	523,263	587,259	1,657,698
2011	318,744	523,263	625,493	1,467,500
2012-2016	1,661,751	5,807,288	-	7,469,039
2017-2021	1,902,962	6,503,601	-	8,406,563
2022	578,186	1,471,750	-	2,049,936
Total remaining minimum lease payments	6,622,261	16,398,953	2,789,291	25,810,505
Less amount representing interest	2,092,261	6,188,953	389,291	8,670,505
Present value of net remaining minimum lease payments	\$ 4,530,000	\$ 10,210,000	\$ 2,400,000	\$ 17,140,000

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 9. Long-Term Debt (Continued)

Museum:

The Agency and Washington County entered into a direct financing lease agreement, dated May 15, 2000, for the lease of the natural museum facilities constructed by the Agency. The museum (approximately 20,000 square feet) was built as an addition to the Dixie Center. The lease term commenced on the date of delivery of the Series 2000 Bonds and ended December 31, 2000; however, the lease term has been continued, and may be continued, solely at the option of the County, beyond the first "renewal term" and for 19 consecutive additional renewal terms thereafter each of one year in duration (except that the final renewal term shall commence January 1, 2020 and end on December 31, 2020). The County pays base rentals which correspond with the debt service on the Agency's \$2,968,000 Series 2000A&B and \$800,000 Series 2000C Lease Revenue Bonds. However, during 2004, the Agency received a prepayment on the lease from the Rosenbruch Foundation which was used to pay off the Series 2000A&B Bonds in full. Thus, the County's remaining lease payments will correspond to the remaining balance of the Series 2000C Bond.

Washington County has entered into a sub-lease agreement with St. George City, whereby the City has leased a 38% undivided interest in the Agency's natural museum facilities. The Agency will receive from the City sublease payments totaling \$2,516,582 over the 20 year period with annual payments ranging from \$55,140 to \$56,970. However, due to the Series 2000A&B Bond payoff mentioned above, the payments remaining on the City sub-lease will be limited to the portion applicable to the Series 2000C Bond.

The Agency's right and interest in the facilities will be transferred to the County and St. George City upon payment by the County and the City of the then applicable purchase option price, or all the base rentals, or upon the discharge of the lien on the remaining Indenture. The lease is considered a capital lease based on GASB's *Codification*, Section L20.119-122 and FASB's Statement 13. The following is an annual schedule of future minimum lease payments and St. George City's sublease payments:

Fiscal Period Ending December 31	St. George City Share	County Share	Total
2007	21,440	34,980	56,420
2008	20,974	34,221	55,195
2009	21,649	35,321	56,970
2010	21,143	34,497	55,640
2011	21,398	34,912	56,310
2012-2016	107,011	174,594	281,605
2017-2020	84,436	137,764	222,200
Total remaining minimum lease payments	298,051	486,289	784,340
Less amount representing interest	65,491	106,849	172,340
Present value of net remaining minimum lease payments	\$ 232,560	\$ 379,440	\$ 612,000

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 9. Long-Term Debt (Continued)

Washington County and St. George City have entered into a sub-lease agreement with the Rosenbruch Foundation, Inc. (DBA World Wildlife Heritage Foundation), whereby the Rosenbruch Foundation has leased a 100% undivided interest in the Agency's natural museum facilities. The sub-lease requires that the Rosenbruch Foundation, Inc., as sub-lessee, pay all museum sublease rentals directly to the Trustee and that such payments are assigned by the County and the City to the Trustee for the benefit of the bond holders. In the event the Rosenbruch Foundation, Inc. fails to pay all or any portion of the museum sub-lease rentals, the County and the City are obligated to pay all base rentals, subject to nonappropriation. However, Jim and MaryAnn Rosenbruch, as individuals, have executed a guaranty agreement whereby they guarantee payment of all museum sub-lease payments.

NOTE 10. Reserved and Designated Fund Equity

Reservations and designations are used to indicate that a portion of the fund balance is not available for appropriation or expenditure, or is legally segregated for a specific future use. At December 31, 2006, the County's reserved and designated fund equity balances are as follows:

General Fund:

Reserved for B & C Road Funds	<u>\$ 295,764</u>
Designated for Capital Projects	<u>\$ 3,800,000</u>
Designated for Subsequent Year	<u>\$ 95,700</u>
Special Revenue Fund:	
Library	\$ 25,000
Assessing & Collecting	(151,929)
Habitat Conservation Plan	4,937,814
Council on Aging	113,471
Travel Board/Transient Room Tax	1,078,639
Recreation/Restaurant Tax	152,564
Flood Damage	1,310,024
Miscellaneous Grants	<u>(12,302)</u>
	<u>\$ 7,453,281</u>

Debt Service Fund:

Debt Service Reserve/Lease Revenue Bond	\$ 260,546
General Obligation Bond	1,667,165
Special Assessment Bonds	<u>4,038,058</u>
	<u>\$ 5,965,769</u>
Public Safety Bond (designated)	\$ 918,797
Lease Revenue Bond (designated)	<u>123,124</u>
	<u>\$ 1,041,921</u>

Capital Projects Fund:

Bond Construction Funds	<u>\$ 6,257,041</u>
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WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 11. Defined Benefit Pension Plan

Plan Description

Washington County contributes to the Local Governmental Noncontributory retirement System, Public Safety Retirement System for employers with (without) Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah state Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 800-365-8772.

Funding Policy

In the Local Governmental Noncontributory Retirement System the County is required to contribute 11.09% to 11.59% of their annual covered salary. In the Public Safety Retirement System for employers in division A, members are required to contribute 12.29% of their salary (all or part may be paid by the employer for the employee) and the County is required to contribute 7.95% to 11.01% of their annual salary and 19.34% to 22.38% of their annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the systems are authorized by statute and specified by the Board.

The required contributions and amounts received for the 2006 fiscal year and the two previous years are as follows:

<u>System</u>	<u>Year Ended December 31</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement Contributions</u>
Contributory System:					
Local Governmental Division	2006	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
	2005	0.00	0.00	0.00	0.00
	2004	0.00	0.00	0.00	0.00
Noncontributory System					
Local Governmental Division	2006	N/A	N/A	\$ 1,057,375	\$ 9,318,308
	2005	N/A	N/A	906,990	8,178,443
	2004	N/A	N/A	802,415	7,720,077
Public Safety System:					
Other Division A Contributory	2006	\$ 0.00	\$ 48,054	\$ 37,190	\$ 390,998
	2005	0.00	52,831	33,657	429,865
	2004	0.00	63,653	32,076	517,926

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 11. Defined Benefit Pension Plan (Continued)

Required contributions and amounts received for the 2006 fiscal year and the two previous years (continued):

<u>System</u>	<u>Year Ended December 31</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement Contributions</u>
Other Division A Noncontributory	2006	N/A	N/A	\$ 978,603	\$ 4,690,162
	2005	N/A	N/A	850,647	4,424,329
	2004	N/A	N/A	718,133	4,050,128
Defined Contribution System:					
457 Plan	2006	\$ 54,905	\$ 0.00	N/A	N/A
	2005	76,404	0.00	N/A	N/A
	2004	54,555	0.00	N/A	N/A
401(k) Plan	2006	\$ 398,320	\$ 238,491	N/A	N/A
	2005	347,505	225,846	N/A	N/A
	2004	289,446	272,342	N/A	N/A
IRA Plans	2006	\$ 7,255	\$ 0.00	N/A	N/A
	2005	90	0.00	N/A	N/A
	2004	0.00	0.00	N/A	N/A

The contributions were equal to the required contributions for each year.

The Southwest Utah District Health Department, and Washington County Solid Waste District No. 1, discretely presented component units of the County, are all members of the Utah Retirement Systems. Participation, eligibility and contribution rates and requirements are the same as the County's.

Health Department

<u>System</u>	<u>Year</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement Contributions</u>
Local Governmental - Contributory	2006	N/A	N/A	\$ 18,453	
	2005	N/A	N/A	16,879	
	2004	N/A	N/A	15,818	
Local Governmental-Noncontributory	2006	N/A	N/A	\$ 339,525	
	2005	N/A	N/A	281,512	
	2004	N/A	N/A	245,868	
401(k) Contributions	2006	\$ 100,775	\$ 59,497	N/A	
	2005	76,274	56,604	N/A	
	2004	48,788	57,552	N/A	

The contributions were equal to the required contributions for each year.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 11. Defined Benefit Pension Plan (Continued)

Solid Waste District

<u>System</u>	<u>Year</u>	<u>Employee paid Contributions</u>	<u>Employer paid for employee Contributions</u>	<u>Employer Contributions</u>	<u>Salary subject to retirement Contributions</u>
Local Governmental - Contributory	2006	0	0	0	0
	2005	0	0	0	0
	2004	0	0	0	0
Local Governmental-Noncontributory	2006	N/A	N/A	\$ 30,936	\$ 271,869
	2005	N/A	N/A	23,159	208,835
	2004	N/A	N/A	18,858	182,025
457 Contributions	2006	16,065	0	N/A	
	2005	13,000	0	N/A	
	2004	12,220	0	N/A	
401(k) Contributions	2006	10,114	4,407	N/A	
	2005	7,267	3,989	N/A	
	2004	7,150	4,805	N/A	

The contributions were equal to the required contributions for each year.

NOTE 12. Risk Management

The County is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries individual policies of insurance and joint venture protection agreements with the Utah Association of Counties Insurance Mutual. The County is insured by Utah State Workers Compensation Insurance Fund for potential job-related accidents. There were no significant reductions in insurance coverage from the previous year and the amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

NOTE 13. Commitments and Contracts

Washington County/St. George City Interlocal Agency (Agency):

As discussed in Note 9, the County has entered into a direct financing lease with the Agency. Note 9 discloses the base rental payments on the lease. In addition to the base rent payments, the County will pay other costs including trustee fees, maintenance and repairs, utilities, promotion and marketing, taxes, and liability insurance.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 13. Commitments and Contracts (Continued)

St. George City Sub-Lease Agreement:

The County has entered into a sub-lease agreement with St. George City, whereby the City has leased a 38% undivided interest in the Agency's convention center facilities. The sub-lease is associated with the County's direct financing lease described at Note 9 and above. The Agency will receive from the City sublease payments totaling \$10,179,096 over the 25 year period with annual payments ranging from \$304,057 to \$578,188 except for the portion of the Museum sublease which was paid in full by the Rosenbruch Foundation in 2003.

NOTE 14. Contingencies

The County is involved in various matters of litigation. It is the opinion of County officials that none of the cases should have a material affect on the County's financial condition.

NOTE 15. Component Unit Disclosures

Additional required disclosures of the component units are included in separately issued audited financial statements as noted in Note 1.

NOTE 16. Conduit Debt Obligations

To provide for the purchase and improvements to an existing building for the Southwest Utah Public Health Department (a component unit of the County), the Municipal Building Authority of Washington County, Utah issued \$3,500,000 Lease Revenue Bonds Series, 2006A. The County leases the property from the Authority and subleases the property to the Southwest Utah Public Health Department.

To provide for the purchase and improvements to an existing building for the Northwestern Special Service District (a component unit of the County), the Municipal Building Authority of Washington County, Utah issued \$300,000 Lease Revenue Bonds Series, 2005. The County leases the property from the Authority and subleases the property to the Northwestern Special Service District.

WASHINGTON COUNTY
Notes to the Financial Statements
December 31, 2006

NOTE 16. Conduit Debt Obligations (Continued)

The lease payments coincide with the debt service payments on both of the bonds. The bonds are payable from and secured by the lease payments and do not constitute a pledge of the faith and credit of the County and have not been reported in the accompanying financial statements. At December 31, 2006, the principal amount outstanding on the bonds was \$3,500,000 and \$300,000.

NOTE 17. Subsequent Events: Contingencies and Commitments

As of December 31, 2006, the County had drawn down \$17,385,094 of a total of \$25,000,000 in available State loan funds and \$32,727,383 of a total of \$66,000,000 in available U.S. Department of Agriculture grant funds for the river bank improvement project. See page 53 for a budget-to-actual statement for the Flood Damage fund. \$5,190,618 of the State loan funds have been passed on to other local governments. The County has entered into various contracts to complete the river bank improvements that will continue into 2007. On April 24, 2007, the County paid back \$11,410,947 of the State loan funds. Thus, this amount is shown as a note payable in these financial statements. State H.B. 176 effectively forgives the remaining balance; however, it is not certain to what extent, if any, the remaining State loan funds will be required to be paid back to the State and thus, they have not been recorded as a liability in these financial statements.

As of December 31, 2006, the County had completed \$8,386,468 of a total of approximately \$10 million for the Dixie Springs Special Improvement District project. This project will be completed in 2007 and deeded to Hurricane City. The Assessments receivable have been recorded as deferred revenue in accordance with GASB until the project is complete.

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REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

FOR THE FOLLOWING FUNDS:

- The **General fund** is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.
- **Flood Damage fund** is used to account for federal and state revenues that are legally restricted to expenditure for flood damage and river bank improvements.

WASHINGTON COUNTY
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Taxes:				
Current Property Taxes	\$4,946,000	\$4,937,000	\$4,551,469	(\$385,531)
Fee in lieu Taxes	686,000	700,000	399,041	(300,959)
Assessing & Collecting Tax	-	-	-	-
Prior Years Delinquent Taxes	400,000	400,000	155,295	(244,705)
County Sales & Use Taxes	5,650,000	5,860,000	5,898,103	38,103
Penalties & Interest	375,000	375,000	(7,377)	(382,377)
Total Taxes	<u>12,057,000</u>	<u>\$12,272,000</u>	<u>10,996,531</u>	<u>(1,275,469)</u>
Licenses, Permits:				
Marriage licenses	<u>30,000</u>	<u>30,000</u>	<u>25,680</u>	<u>(4,320)</u>
Intergovernmental:				
Class "B" Roads	1,550,000	1,200,000	1,539,197	339,197
Forest Reserve	70,000	72,000	71,513	(487)
Prison Reimbursement	2,942,500	3,200,000	3,195,848	(4,152)
FEMA Reimbursement/Law Enforcement	-	-	-	-
Bailiff/Security Reimbursement	164,000	595,000	615,545	20,545
Total Intergovernmental	<u>4,726,500</u>	<u>5,067,000</u>	<u>5,422,103</u>	<u>355,103</u>
Charges for Services:				
Clerk's Fees	75,000	75,000	63,426	(11,574)
Recorder's Fees	145,000	-	-	-
Data Processing Fees	75,000	75,000	69,925	(5,075)
Jail Commissary, Phone and Medical	420,000	390,000	420,614	30,614
State Medical Reimbursements	100,200	110,000	125,942	15,942
Prisoner Industry and Other	270,100	316,100	254,695	(61,405)
Fuel Revenue - Other Departments	3,000	17,000	15,429	(1,571)
Total Charges for Services	<u>1,088,300</u>	<u>983,100</u>	<u>950,031</u>	<u>(33,069)</u>
Fines and Forfeitures:				
Court and Precinct Fines	1,640,000	1,380,000	1,367,412	(12,588)
Total Fines and Forfeitures	<u>1,640,000</u>	<u>1,380,000</u>	<u>1,367,412</u>	<u>(12,588)</u>
Other Revenues:				
Interest Revenue	115,000	105,000	279,273	174,273
Rent-Property	100,000	100,000	114,330	14,330
Sale of Property, Material & Supplies	91,000	95,000	117,125	22,125
Noxious Weed Revenue	-	2,000	1,736	(264)
Vending Revenue	500	500	18	(482)
Xerox Revenue	3,000	3,000	3,343	343
Other	179,700	182,700	260,092	77,392
Total Other Revenues	<u>489,200</u>	<u>488,200</u>	<u>775,917</u>	<u>287,717</u>
TOTAL REVENUES	<u>\$ 20,031,000</u>	<u>\$20,220,300</u>	<u>\$ 19,537,674</u>	<u>\$ (682,626)</u>

(continued)

WASHINGTON COUNTY
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2006

EXPENDITURES:	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
GENERAL GOVERNMENT				
Commission:				
Salaries	\$ 231,000	\$ 231,000	\$ 226,126	4,874
Employee Benefits	121,000	121,000	123,055	(2,055)
Services, Supplies and Other	61,900	61,900	72,623	(10,723)
Capital Outlay	7,000	7,000	4,536	2,464
	<u>420,900</u>	<u>420,900</u>	<u>426,340</u>	<u>(5,440)</u>
Human Resource:				
Salaries	132,800	132,800	137,368	(4,568)
Employee Benefits	56,300	56,300	63,054	(6,754)
Services, Supplies and Other	39,900	39,900	37,003	2,897
Capital Outlay	3,000	3,000	636	2,364
	<u>232,000</u>	<u>232,000</u>	<u>238,061</u>	<u>(6,061)</u>
Info Tech Services:				
Salaries	118,000	118,000	150,016	(32,016)
Employee Benefits	145,500	145,500	150,415	(4,915)
Services, Supplies and Other	153,900	169,900	92,527	77,373
Capital Outlay	42,000	42,000	77,191	(35,191)
	<u>459,400</u>	<u>475,400</u>	<u>470,149</u>	<u>5,251</u>
Clerk/Auditor:				
Salaries	248,000	248,000	254,036	(6,036)
Employee Benefits	141,400	141,400	165,767	(24,367)
Services, Supplies and Other	60,500	100,500	56,351	44,149
Capital Outlay	7,000	7,000	8,385	(1,385)
	<u>456,900</u>	<u>496,900</u>	<u>484,539</u>	<u>12,361</u>
Treasurer:				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Services, Supplies and Other	-	-	-	-
Capital Outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Recorder:				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Services, Supplies and Other	-	-	-	-
Capital Outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Attorney:				
Salaries	1,286,400	1,286,400	1,294,051	(7,651)
Employee Benefits	490,000	490,000	522,571	(32,571)
Services, Supplies and Other	138,800	158,800	149,978	8,822
Capital Outlay	25,100	25,100	22,747	2,353
	<u>1,940,300</u>	<u>1,960,300</u>	<u>1,989,347</u>	<u>(29,047)</u>

(continued)

WASHINGTON COUNTY
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued):				
Assessor:				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Services, Supplies and Other	-	-	-	-
Capital Outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-Departmental:				
Services, Supplies and Other	26,000	26,000	31,300	(5,300)
Insurance - Buildings and Vehicles	233,700	233,700	221,518	12,182
	<u>259,700</u>	<u>259,700</u>	<u>252,818</u>	<u>6,882</u>
Elections:				
Services, Supplies and Other	140,000	140,000	126,727	13,273
Capital Outlay	41,000	41,000	5,788	35,212
	<u>181,000</u>	<u>181,000</u>	<u>132,515</u>	<u>48,485</u>
 Total General Government	 <u>3,950,200</u>	 <u>4,026,200</u>	 <u>3,993,769</u>	 <u>32,431</u>
JUDICIAL				
Justice of the Peace:				
Salaries	609,900	609,900	618,323	(8,423)
Employee Benefits	267,000	267,000	269,437	(2,437)
Services and Supplies	43,500	43,500	77,130	(33,630)
Capital Outlay	8,500	8,500	8,859	(359)
	<u>928,900</u>	<u>928,900</u>	<u>973,749</u>	<u>(44,849)</u>
Public Defender:				
Services, Supplies and Other	526,000	526,000	526,606	(606)
 Total Judicial	 <u>1,454,900</u>	 <u>1,454,900</u>	 <u>1,500,355</u>	 <u>(45,455)</u>
PUBLIC SAFETY				
Public Safety/County Jail:				
Salaries	7,039,000	7,039,000	6,587,863	451,137
Employee Benefits	3,148,000	3,148,000	3,201,494	(53,494)
Services, Supplies and Other	374,300	455,300	732,420	(277,120)
Capital Outlay	594,200	594,200	633,728	(39,528)
	<u>11,155,500</u>	<u>11,236,500</u>	<u>11,155,505</u>	<u>80,995</u>
 Total Public Safety	 <u>11,155,500</u>	 <u>11,236,500</u>	 <u>11,155,505</u>	 <u>80,995</u>

(continued)

WASHINGTON COUNTY
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2006

EXPENDITURES (Continued):	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
PUBLIC WORKS				
Maintenance:				
Motor Pool	7,000	7,000	2,966	4,034
County Buildings Maintenance	318,000	318,000	316,876	1,124
	<u>325,000</u>	<u>325,000</u>	<u>319,842</u>	<u>1,124</u>
Weed Control:				
Salaries	33,100	33,100	34,556	(1,456)
Employee Benefits	14,800	14,800	17,395	(2,595)
Services, Supplies and Other	31,500	31,500	26,024	5,476
Capital Outlay	5,000	5,000	4,720	280
	<u>84,400</u>	<u>84,400</u>	<u>82,695</u>	<u>1,705</u>
B&C Roads:				
Salaries	525,400	525,400	513,526	11,874
Employee Benefits	217,870	217,870	222,194	(4,324)
Services, Supplies and Other	737,400	895,400	926,092	(30,692)
Capital Outlay	293,230	311,230	275,005	36,225
	<u>1,773,900</u>	<u>1,949,900</u>	<u>1,936,817</u>	<u>13,083</u>
Total Public Works	<u>2,183,300</u>	<u>2,359,300</u>	<u>2,339,354</u>	<u>15,912</u>
PUBLIC HEALTH				
Health Services:				
Services, Supplies and Other	820,300	820,300	974,951	(154,651)
Total Public Health	<u>820,300</u>	<u>820,300</u>	<u>974,951</u>	<u>(154,651)</u>
CONSERVATION & DEVELOPMENT				
Agricultural Extension Service:				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Services, Supplies and Other	140,850	140,850	146,349	(5,499)
Capital Outlay	8,750	8,750	11,744	(2,994)
	<u>149,600</u>	<u>149,600</u>	<u>158,093</u>	<u>(8,493)</u>
Contribution to Economic Development Fund:				
Services, Supplies and Other	25,000	25,000	25,000	-
Total Conservation & Development	<u>174,600</u>	<u>174,600</u>	<u>183,093</u>	<u>(8,493)</u>

(continued)

WASHINGTON COUNTY
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued):				
MISCELLANEOUS				
Services, Supplies and Other	252,700	754,000	157,655	596,345
MATCHING FUNDS & CONTRIBUTIONS				
Contributions	38,000	38,000	22,379	15,621
TOTAL EXPENDITURES	20,029,500	20,863,800	20,327,061	532,705
Excess of Revenues Over Expenditures	1,500	(643,500)	(789,387)	(149,921)
Other Financing Sources (Uses):				
Transfer to Debt Service Fund	(255,500)	(255,500)	(253,000)	2,500
Transfer to Special Revenue Funds	(325,000)	(325,000)	(439,426)	(114,426)
Total Other Financing Sources (Uses):	(580,500)	(580,500)	(692,426)	(111,926)
Net Change in Fund Balance	(579,000)	(1,224,000)	(1,481,813)	(261,847)
Fund Balance, Beginning of Year	8,136,742	8,136,742	8,136,742	-
Fund Balance, End of Year	<u>\$ 7,557,742</u>	<u>\$ 6,912,742</u>	<u>\$ 6,654,929</u>	<u>\$ (261,847)</u>

WASHINGTON COUNTY
Flood Damage Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Intergovernmental:				
State Revenue	\$ 15,000,000	\$ 13,000,000	\$ -	\$ (13,000,000)
Federal Revenue	23,000,000	26,095,000	26,138,494	43,494
Total Intergovernmental	38,000,000	39,095,000	26,138,494	(12,956,506)
Interest Revenue	-	-	321,675	321,675
Other Revenues	-	3,000	1,975	(1,025)
Total Revenues	38,000,000	39,098,000	26,462,144	(12,635,856)
EXPENDITURES:				
Other Expenditures - Flood:				
Payments to Other Local Governments	15,000,000	13,000,000	-	13,000,000
Services, Supplies and Other	23,000,000	26,503,000	25,319,534	1,183,466
Total Expenditures	38,000,000	39,503,000	25,319,534	14,183,466
Net Change in Fund Balance	-	(405,000)	1,142,610	1,547,610
Fund Balance, Beginning of Year	6,363	6,363	6,363	-
Fund Balance, End of Year	\$ 6,363	\$ (398,637)	\$ 1,148,973	\$ 1,547,610

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SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

BUDGET-TO-ACTUAL

- **Debt Service funds** are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.
- **Capital projects funds** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. The General Capital Projects fund is used to account for the construction or expansion of any project not accounted for in the other governmental funds.

NONMAJOR GOVERNMENTAL FUNDS

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

- **Municipal Services fund** is used to account for sales tax revenues, fees, intergovernmental and other revenues used for providing Engineering and Surveying, GIS, Planning and Zoning, Building Inspection, Sheriff and Fire Control Services.
- **Library fund** is used to account for property taxes and other revenues used to provide and maintain the County libraries.
- **Council on Aging fund** is used to account for grants and other revenues used to provide senior nutrition and other senior citizen programs.
- **Travel Board fund** is used to account for transient room tax revenues used to promote travel within the County and assist the Washington County/St. George Interlocal Agency.
- **Recreation fund** is used to account for fees collected and used for the acquisition and construction of recreation facilities within the County.
- **Miscellaneous Grants Fund** - This fund is used to account for miscellaneous grants such as CDBG, VOCA, SCAAP, LLEBG, Drug Court, and Children's Justice Center.
- **The Habitat Conservation Plan Special Revenue Fund** accounts for revenue sources that are legally restricted to expenditure for habitat conservation and capital improvements.

WASHINGTON COUNTY
Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Tax Revenues	\$ 2,134,600	\$ 2,134,600	\$ 2,527,415	\$ 392,815
Other Revenues:				
Assessment Revenues	35,000	4,570,000	3,375,608	(1,194,392)
Interest Income	30,000	30,000	382,079	352,079
Total Revenues	<u>2,199,600</u>	<u>6,734,600</u>	<u>6,285,102</u>	<u>(449,498)</u>
EXPENDITURES:				
Bank and Other Fees	4,000	4,000	7,437	(3,437)
Health and Sanitation	-	-	-	-
Capital Outlay	8,500	4,013,500	5,485,116	(1,471,616)
Debt Service:				
Principal, Public Safety Bond	530,000	530,000	530,000	-
Principal, Lease Revenue Bonds	170,000	170,000	170,000	-
Principal, Library Bonds	665,000	665,000	665,000	-
Principal, Special Assessment Bonds	21,400	1,551,400	731,000	820,400
Interest, Public Safety Bond	262,500	262,500	261,713	787
Interest, Lease Revenue Bonds	84,500	84,500	84,193	307
Interest, Library Bond	709,200	709,200	707,887	1,313
Interest, Special Assessment Bonds	-	-	680,095	(680,095)
Total Expenditures	<u>2,455,100</u>	<u>7,990,100</u>	<u>9,322,441</u>	<u>(1,332,341)</u>
Excess of Revenues				
Over (Under) Expenditures	<u>(255,500)</u>	<u>(1,255,500)</u>	<u>(3,037,339)</u>	<u>(1,781,839)</u>
Other Financing Sources (Uses):				
Operating Transfers:				
From General Fund	255,500	255,500	253,000	(2,500)
Bond Issue Costs	-	-	-	-
Debt Proceeds	-	1,000,000	-	(1,000,000)
Total Other Financing Sources (Uses):	<u>255,500</u>	<u>1,255,500</u>	<u>253,000</u>	<u>(1,002,500)</u>
Net Change in Fund Balance	-	-	(2,784,339)	(2,784,339)
Fund Balance, Beginning of Year	<u>9,792,029</u>	<u>9,792,029</u>	<u>9,792,029</u>	-
Fund Balance, End of Year	<u>\$ 9,792,029</u>	<u>\$ 9,792,029</u>	<u>\$ 7,007,690</u>	<u>\$ (2,784,339)</u>

WASHINGTON COUNTY
Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Intergovernmental	\$ 1,040,000	\$ 3,297,500	\$ 2,125,866	\$ (1,171,634)
Other Revenues:				
Interest Earnings	150,000	400,000	477,136	77,136
Miscellaneous Revenue	-	42,500	-	(42,500)
Total Revenues	<u>1,190,000</u>	<u>3,740,000</u>	<u>2,603,002</u>	<u>(1,136,998)</u>
EXPENDITURES:				
Debt Service	-	-	-	-
Capital Outlay:				
Buildings	8,342,000	12,083,000	10,806,904	1,276,096
Equipment	1,890,000	1,855,000	960,991	894,009
Other	35,000	35,000	-	35,000
Total Expenditures	<u>10,267,000</u>	<u>13,973,000</u>	<u>11,767,895</u>	<u>2,205,105</u>
Excess of Revenues Over (Under) Expenditures	<u>(9,077,000)</u>	<u>(10,233,000)</u>	<u>(9,164,893)</u>	<u>1,068,107</u>
Other Financing Sources (Uses):				
Transfer from General Fund	-	-	-	-
Bond Issue Costs	-	-	(259,666)	(259,666)
Debt Proceeds	862,000	2,018,000	9,245,000	7,227,000
Total Other Financing Sources (Uses)	<u>862,000</u>	<u>2,018,000</u>	<u>8,985,334</u>	<u>6,967,334</u>
Net Change in Fund Balance	(8,215,000)	(8,215,000)	(179,559)	8,035,441
Fund Balance, Beginning of Year	<u>6,436,600</u>	<u>6,436,600</u>	<u>6,436,600</u>	-
Fund Balance, End of Year	<u>\$ (1,778,400)</u>	<u>\$ (1,778,400)</u>	<u>\$ 6,257,041</u>	<u>\$ 8,035,441</u>

WASHINGTON COUNTY
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Special Revenue Funds			
	Municipal Services	Assessing & Collecting	Library	Council on Aging
ASSETS				
Cash and Investments	\$ 421,794	\$ -	\$ -	\$ 13,668
Property taxes receivable	-	1,260,229	1,075,369	-
Assessments receivable	-	-	-	-
Due from other governments	141,890	-	-	182,957
Due from other funds	-	-	-	-
Restricted Cash	-	-	25,000	-
Total assets	<u>563,684</u>	<u>1,260,229</u>	<u>1,100,369</u>	<u>196,625</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	50,324	198,244	77,834	33,195
Accrued liabilities	18,194	65,530	41,167	11,209
Due to other funds	-	966,045	363,101	5,750
Deferred revenue	-	182,339	169,260	33,000
Total liabilities	<u>68,518</u>	<u>1,412,158</u>	<u>651,362</u>	<u>83,154</u>
Fund balances:				
Reserved for:				
Other Purposes	-	(151,929)	25,000	113,471
Unreserved, undesignated	<u>495,166</u>	<u>-</u>	<u>424,007</u>	<u>-</u>
Total fund balances	<u>495,166</u>	<u>(151,929)</u>	<u>449,007</u>	<u>113,471</u>
Total liabilities & fund balance	<u>\$ 563,684</u>	<u>\$ 1,260,229</u>	<u>\$ 1,100,369</u>	<u>\$ 196,625</u>

Special Revenue Funds				Total
Travel Board	Recreation Fund	Grants Fund	Habitat Conservation	Nonmajor Gvtl. Funds
\$ 35	\$ 100	\$ -	\$ 100	\$ 435,697
-	-	-	-	2,335,598
-	-	-	-	-
285,881	269,894	113,818	274,687	1,269,127
-	-	5,750	-	5,750
727,448	336,003	-	4,678,992	5,767,443
<u>1,013,364</u>	<u>605,997</u>	<u>119,568</u>	<u>4,953,779</u>	<u>9,813,615</u>
48,510	114,176	44,899	10,186	577,368
8,215	12,257	3,643	5,779	165,994
-	-	83,328	-	1,418,224
-	-	-	-	384,599
<u>56,725</u>	<u>126,433</u>	<u>131,870</u>	<u>15,965</u>	<u>2,546,185</u>
956,639	479,564	(12,302)	4,937,814	6,348,257
-	-	-	-	919,173
<u>956,639</u>	<u>479,564</u>	<u>(12,302)</u>	<u>4,937,814</u>	<u>7,267,430</u>
<u>\$ 1,013,364</u>	<u>\$ 605,997</u>	<u>\$ 119,568</u>	<u>\$ 4,953,779</u>	<u>\$ 9,813,615</u>

WASHINGTON COUNTY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2006

	Special Revenue Funds			
	Municipal Services	Assessing & Collecting	Library	Council on Aging
REVENUES:				
Taxes	\$ 768,073	\$2,799,312	\$ 2,273,932	\$ -
Licenses, permits and fees	175,065	-	-	-
Intergovernmental	1,685,799	-	23,084	689,320
Charges for services	97,281	1,261,214	-	4,238
Fines and forfeitures	-	-	58,819	-
Interest	14,455	-	-	-
Sub-lease revenue	-	-	-	-
Miscellaneous	149,783	294	61,593	-
Total	2,890,456	4,060,820	2,417,428	693,558
EXPENDITURES:				
General Government	260,407	4,106,749	-	-
Public Safety	2,311,596	-	-	-
Public Works	274,080	106,000	-	-
Health and Sanitation	-	-	-	1,032,360
Conservation and Economic Development	-	-	-	-
Culture and other	175,178	-	2,455,154	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total	3,021,261	4,212,749	2,455,154	1,032,360
Excess of revenues over (under) expenditures	(130,805)	(151,929)	(37,726)	(338,802)
Other financing sources (uses):				
Transfers in	-	-	-	325,000
Transfers out	-	-	-	-
Debt proceeds	-	-	-	-
Total other financing sources (uses)	-	-	-	325,000
Net change in fund balances	(130,805)	(151,929)	(37,726)	(13,802)
Fund Balances - Beginning	625,971	-	486,733	127,273
Fund Balances - Ending	\$ 495,166	\$ (151,929)	\$ 449,007	\$ 113,471

Special Revenue Funds				Total
Travel Board	Recreation Fund	Grants Fund	Habitat Conservation	Non-major Govtl. Funds
\$ 1,976,726	\$ 1,930,549	\$ -	\$ -	\$ 9,748,592
-	-	-	-	175,065
-	-	1,796,315	1,294,865	5,489,383
-	462,743	-	-	1,825,476
-	-	-	-	58,819
16,342	5,864	-	128,412	165,073
-	605,601	-	-	605,601
101,300	261,607	-	17,217	591,794
2,094,368	3,266,364	1,796,315	1,440,494	18,659,803
-	-	-	-	4,367,156
-	-	1,697,212	-	4,008,808
-	-	-	-	380,080
-	-	-	-	1,032,360
1,605,616	1,543,923	242,465	678,540	4,070,544
-	-	-	-	2,630,332
149,769	498,231	-	-	648,000
326,731	745,881	-	-	1,072,612
2,082,116	2,788,035	1,939,677	678,540	18,209,892
12,252	478,329	(143,362)	761,954	449,911
150,000	-	114,426	-	589,426
-	(150,000)	-	-	(150,000)
-	-	-	-	-
150,000	(150,000)	114,426	-	439,426
162,252	328,329	(28,936)	761,954	889,337
794,387	151,235	16,634	4,175,860	6,378,093
\$ 956,639	\$ 479,564	\$ (12,302)	\$ 4,937,814	\$ 7,267,430

WASHINGTON COUNTY
Municipal Services Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES:				
Sales Tax Revenue	\$ 700,000	\$ 736,000	\$ 768,073	\$ 32,073
Business Licenses and Building Permits	315,000	225,000	175,065	(49,935)
Intergovernmental Revenue:				
Federal Payments in Lieu of Taxes	1,600,000	1,619,000	1,618,587	(413)
State Mineral Lease	65,000	65,000	64,410	(590)
Sheriff Protection	78,000	70,000	-	(70,000)
Federal Public Safety Grant & GIS	15,700	25,300	2,802	(22,498)
Total Intergovernmental	<u>1,758,700</u>	<u>1,779,300</u>	<u>1,685,799</u>	<u>(93,501)</u>
Charges for Services	117,600	117,600	97,281	(20,319)
Other Revenue:				
Interest Earnings	-	-	14,455	14,455
Sale of Land & Equipment	106,000	106,000	-	(106,000)
Liquor Allocation	100,000	70,000	126,153	56,153
Miscellaneous	1,000	27,000	23,630	(3,370)
Total Other	<u>207,000</u>	<u>203,000</u>	<u>164,238</u>	<u>(38,762)</u>
Total Revenues	<u>3,098,300</u>	<u>3,060,900</u>	<u>2,890,456</u>	<u>(170,444)</u>
EXPENDITURES:				
General Government:				
Engineering & Surveying	-	-	-	-
Planning & Zoning	121,700	121,700	126,052	(4,352)
GIS	127,200	134,800	134,355	445
Total General Government	<u>248,900</u>	<u>256,500</u>	<u>260,407</u>	<u>(3,907)</u>
Public Safety:				
Sheriff	1,950,000	1,950,000	1,950,000	-
Fire Control	88,000	88,000	75,073	12,927
Building Inspector	272,200	280,200	286,523	(6,323)
Total Public Safety	<u>2,310,200</u>	<u>2,318,200</u>	<u>2,311,596</u>	<u>6,604</u>
Public Works	423,300	415,300	274,080	141,220
Miscellaneous Contingent	211,900	166,900	175,178	(8,278)
Total Expenditures	<u>3,194,300</u>	<u>3,156,900</u>	<u>3,021,261</u>	<u>135,639</u>
Excess of Revenues				
Over (Under) Expenditures	(96,000)	(96,000)	(130,805)	(34,805)
Other Financing Sources (Uses):				
Transfer from General Fund	-	-	-	-
Net Change in Fund Balance	<u>(96,000)</u>	<u>(96,000)</u>	<u>(130,805)</u>	<u>(34,805)</u>
Fund Balance, Beginning of Year	625,971	625,971	625,971	-
Fund Balance, End of Year	<u>\$ 529,971</u>	<u>\$ 529,971</u>	<u>\$ 495,166</u>	<u>\$ (34,805)</u>

WASHINGTON COUNTY
Assessing & Collecting Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES:				
Assessing & Collecting Tax	\$ 2,745,000	\$ 2,760,000	\$ 2,793,237	\$ 33,237
Penalties & Interest	40,000	40,000	6,075	(33,925)
Total Taxes	2,785,000	2,800,000	2,799,312	(688)
Recorder's Fees	1,350,000	1,350,000	1,141,777	(208,223)
Copy Revenue	-	145,500	119,437	(26,063)
Other	-	500	294	(206)
Total Revenues	4,135,000	4,296,000	4,060,820	(235,180)
EXPENDITURES:				
Commission:				
Salaries, Services, Supplies and Other	72,000	72,000	72,000	-
Human Resources:				
Salaries, Services, Supplies and Other	30,000	30,000	30,000	-
Info Tech Services:				
Salaries, Services, Supplies and Other	277,000	277,000	277,000	-
Clerk Auditor:				
Salaries, Services, Supplies and Other	150,000	150,000	150,000	-
Treasurer:				
Salaries	215,000	285,000	266,368	18,632
Employee Benefits	89,000	89,000	103,694	(14,694)
Services, Supplies and Other	51,900	51,900	59,611	(7,711)
Capital Outlay	8,000	8,000	9,148	(1,148)
Total Treasurer	363,900	433,900	438,821	(4,921)
Recorder:				
Salaries	480,000	480,000	475,950	4,050
Employee Benefits	182,100	182,100	193,774	(11,674)
Services, Supplies and Other	45,200	45,200	51,961	(6,761)
Capital Outlay	68,000	68,000	26,889	41,111
Total Recorder	775,300	775,300	748,574	26,726
Attorney:				
Salaries, Services, Supplies and Other	100,000	100,000	100,000	-
Assessor:				
Salaries	1,323,000	1,323,000	1,276,959	46,041
Employee Benefits	500,000	500,000	502,626	(2,626)
Services, Supplies and Other	383,700	383,700	446,160	(62,460)
Capital Outlay	16,100	16,100	26,609	(10,509)
Total Assessor	2,222,800	2,222,800	2,252,354	(29,554)
Administration Building:				
Services, Supplies and Other	106,000	106,000	106,000	-
Miscellaneous Contingent	38,000	129,000	38,000	91,000
Total Expenditures	4,135,000	4,296,000	4,212,749	83,251
Net Change in Fund Balance	-	-	(151,929)	(151,929)
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ (151,929)	\$ (151,929)

WASHINGTON COUNTY
Library Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Tax Revenues:				
Current Property Taxes	\$ 2,019,000	\$ 1,991,000	\$ 2,006,401	\$ 15,401
Fee Assessed Taxes	275,000	275,000	180,021	(94,979)
Prior Years Delinquent Taxes	130,000	130,000	83,943	(46,057)
Penalties & Interest	5,000	5,000	3,567	(1,433)
Total Taxes	2,429,000	2,401,000	2,273,932	(127,068)
Intergovernmental Revenue	-	75,000	23,084	(51,916)
Fines and Forfeitures	60,000	60,000	58,819	(1,181)
Other Revenues:				
Interest Earnings	-	-	-	-
Sale of Buildings	-	-	-	-
Xerox Revenue	20,000	20,000	16,738	(3,262)
Miscellaneous	50,000	50,000	44,855	(5,145)
Contributions	-	-	-	-
Total Other	70,000	70,000	61,593	(8,407)
Total Revenues	2,559,000	2,606,000	2,417,428	(188,572)
EXPENDITURES:				
Culture and other expenditures:				
St. George Library	1,089,600	1,056,600	996,861	59,739
Hurricane Library	416,500	416,500	387,475	29,025
Santa Clara Library	518,300	523,300	497,183	26,117
Springdale Library	115,500	115,500	107,236	8,264
Enterprise Library	84,100	84,100	75,182	8,918
New Harmony Branch	18,400	18,400	21,720	(3,320)
Other Branches & Misc. Grants	316,600	391,600	369,497	22,103
Total Expenditures	2,559,000	2,606,000	2,455,154	150,846
Net Change in Fund Balance	-	-	(37,726)	(37,726)
Fund Balance, Beginning of Year	486,733	486,733	486,733	-
Fund Balance, End of Year	\$ 486,733	\$ 486,733	\$ 449,007	\$ (37,726)

WASHINGTON COUNTY
Council on Aging Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Intergovernmental Revenue:				
Council on Aging Contract	\$ 127,200	\$ 152,200	\$ 151,544	\$ (656)
Nutrition Contract - St. George	375,200	375,200	284,450	(90,750)
Nutrition Contract - Hurricane	105,400	129,200	125,745	(3,455)
Nutrition Contract - Enterprise	53,600	70,000	67,972	(2,028)
Miscellaneous - C.O.A.	43,900	46,900	44,265	(2,635)
Miscellaneous - Transportation	3,800	3,800	3,344	(456)
Miscellaneous - Grants	-	12,000	12,000	-
Charges for services	4,800	4,800	4,238	(562)
Total Revenues	713,900	794,100	693,558	(100,542)
EXPENDITURES:				
Health & Sanitation:				
Council on Aging - General	118,400	133,400	133,268	132
Council on Aging - St. George Center	573,400	590,300	511,323	78,977
Council on Aging - Hurricane Center	232,640	272,640	265,088	7,552
Council on Aging - Enterprise Center	114,460	124,460	122,681	1,779
Total Expenditures	1,038,900	1,120,800	1,032,360	88,440
Excess of Revenues Over (Under) Expenditures	(325,000)	(326,700)	(338,802)	(12,102)
Other Financing Sources (Uses):				
Operating Transfers in:				
From General Fund	325,000	325,000	325,000	-
Net Change in Fund Balance	-	(1,700)	(13,802)	(12,102)
Fund Balance, Beginning of Year	127,273	127,273	127,273	-
Fund Balance, End of Year	\$ 127,273	\$ 125,573	\$ 113,471	\$ (12,102)

WASHINGTON COUNTY
Travel Board Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Tax Revenues:				
Transient Room Taxes	\$ 1,868,000	\$ 1,924,000	\$ 1,976,726	\$ 52,726
Other Revenues:				
Interest Earnings	10,000	10,000	16,342	6,342
Other	75,000	145,000	101,300	(43,700)
Total Revenues	<u>1,953,000</u>	<u>2,079,000</u>	<u>2,094,368</u>	<u>15,368</u>
EXPENDITURES:				
Conservation & Economic Development:				
Convention Center Operations	23,500	23,500	145,500	(122,000)
Travel Board:				
Salaries	242,000	242,000	246,068	(4,068)
Employee Benefits	103,000	103,000	105,323	(2,323)
Services, Supplies and Other	1,208,000	1,334,000	1,070,800	263,200
Capital Outlay	50,000	50,000	37,925	12,075
Debt Service				
Principal	149,769	149,769	149,769	-
Interest	326,731	326,731	326,731	-
Total Expenditures	<u>2,103,000</u>	<u>2,229,000</u>	<u>2,082,116</u>	<u>146,884</u>
Excess of Revenues				
Over (Under) Expenditures	(150,000)	(150,000)	12,252	162,252
Other Financing Sources (Uses):				
Operating Transfers:				
From Recreation Special Revenue Fund	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	162,252	162,252
Fund Balance, Beginning of Year	<u>794,387</u>	<u>794,387</u>	<u>794,387</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 794,387</u>	<u>\$ 794,387</u>	<u>\$ 956,639</u>	<u>\$ 162,252</u>

WASHINGTON COUNTY
Recreation Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES:				
Tax Revenues:				
Restaurant Food Tax	\$ 1,568,000	\$ 1,640,000	\$ 1,638,119	\$ (1,881)
Leasing Sales Tax	274,000	290,000	292,430	2,430
Total Taxes	1,842,000	1,930,000	1,930,549	549
Charges for Services:				
County Fair	89,900	89,900	89,420	(480)
Regional Park	304,400	351,200	373,323	22,123
Total Charges for Services	394,300	441,100	462,743	21,643
Other Revenues:				
Interest Earnings	-	-	5,864	5,864
Vision Dixie and Other Revenue	-	492,500	261,607	(230,893)
Sub-lease Revenue	-	-	605,601	605,601
Total Revenues	2,236,300	2,863,600	3,266,364	402,764
EXPENDITURES:				
Conservation & Economic Development:				
Regional Park Facility	1,251,600	1,403,300	934,597	468,703
County Fair	134,700	149,000	163,104	(14,104)
Vision Dixie	-	470,000	220,722	249,278
Convention Center Operations	31,489	31,489	195,500	(164,011)
Dixie College Eccles Fine Arts Center	30,000	30,000	30,000	-
Debt Service				
Principal	465,000	465,000	498,231	(33,231)
Interest	173,511	173,511	745,881	(572,370)
Total Expenditures	2,086,300	2,722,300	2,788,035	(65,735)
Excess of Revenues				
Over (Under) Expenditures	150,000	141,300	478,329	337,029
Other Financing Sources (Uses):				
Transfers:				
To Travel Board Special Revenue Fund	(150,000)	(150,000)	(150,000)	-
Net Change in Fund Balance	-	(8,700)	328,329	337,029
Fund Balance, Beginning of Year	151,235	151,235	151,235	-
Fund Balance, End of Year	\$ 151,235	\$ 142,535	\$ 479,564	\$ 337,029

WASHINGTON COUNTY
Miscellaneous Grants Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES:				
Intergovernmental Revenues:				
CDBG Grants	\$ -	\$ 190,000	\$ 128,646	\$ (61,354)
LLEBG/SCAAP	-	16,500	-	(16,500)
AG-Children's Justice Center	184,800	184,800	181,230	(3,570)
Children's Safety Council	-	-	500	500
Drug Court	354,500	454,500	300,768	(153,732)
WMD and Emergency OPS Grants	1,903,300	1,923,300	1,139,586	(783,714)
Other Grants	56,300	52,300	45,585	(6,715)
Total Revenues	<u>2,498,900</u>	<u>2,821,400</u>	<u>1,796,315</u>	<u>(1,025,085)</u>
EXPENDITURES:				
Public Safety:				
LLEBG/SCAAP	-	16,500	11,389	5,111
AG-Children's Justice Center	184,800	184,800	185,601	(801)
WMD - Emergency Operations	1,946,600	1,966,600	1,150,012	816,588
Children's Safety Council	4,000	4,000	3,432	568
Drug Court	354,500	454,500	346,778	107,722
Total Public Safety	<u>2,489,900</u>	<u>2,626,400</u>	<u>1,697,212</u>	<u>929,188</u>
Conservation & Economic Development:				
CDBG	-	190,000	237,555	(47,555)
Predator Control	9,000	9,000	4,910	4,090
Extension Grant	-	-	-	-
Total Conservation & Economic Devel.	<u>9,000</u>	<u>199,000</u>	<u>242,465</u>	<u>(43,465)</u>
Total Expenditures	<u>2,498,900</u>	<u>2,825,400</u>	<u>1,939,677</u>	<u>885,723</u>
Excess of Revenues				
Over (Under) Expenditures	-	(4,000)	(143,362)	(139,362)
Other Financing Sources (Uses):				
Transfers:				
From General Fund	-	-	114,426	114,426
Net Change in Fund Balance	-	(4,000)	(28,936)	(24,936)
Fund Balance, Beginning of Year	16,634	16,634	16,634	-
Fund Balance (Deficit), End of Year	<u>\$ 16,634</u>	<u>\$ 12,634</u>	<u>\$ (12,302)</u>	<u>\$ (24,936)</u>

WASHINGTON COUNTY
Habitat Conservation Plan Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
Intergovernmental - HCP Fees	\$ 1,500,000	\$ 1,500,000	\$ 1,294,865	\$ (205,135)
Other Revenues:				
Interest Earnings	35,000	35,000	128,412	93,412
Other	11,000	11,000	17,217	6,217
Total Revenues	1,546,000	1,546,000	1,440,494	(105,506)
EXPENDITURES:				
Other Expenditures - HCP:				
Salaries	160,000	160,000	167,949	(7,949)
Employee Benefits	62,000	62,000	70,682	(8,682)
Services, Supplies and Other	956,000	956,000	323,788	632,212
Capital Outlay	368,000	368,000	116,121	251,879
Total Expenditures	1,546,000	1,546,000	678,540	867,460
Net Change in Fund Balance	-	-	761,954	761,954
Fund Balance, Beginning of Year	4,175,860	4,175,860	4,175,860	-
Fund Balance, End of Year	\$ 4,175,860	\$ 4,175,860	\$ 4,937,814	\$ 761,954

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

Fiduciary Funds Trust and Agency

Trust and Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable, Nonexpendable Trust, Pension Trust, and Agency Funds. Nonexpendable Trust and Pension Trust Funds are accounted for in essentially the same manner as propriety funds since capital maintenance is critical. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

- **Tax Collection Trust fund** is an agency fund which accounts for all collections and disbursements of taxes for the county.
- **Deposit Fund fund** is an agency fund which accounts for miscellaneous court funds, surcharges, 4-H, Treasurer and other custodial accounts.
- **Payroll Trust fund** is an internal service type agency fund used to account for the County's payroll and self-insurance.
- **Health Department fund** is used as an agency fund for the Health Department.
- **Economic Development Council fund** is used as an agency fund for the Economic Development Council.

WASHINGTON COUNTY
All Trust and Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended December 31, 2006

	Balance 12/31/2005	Additions	Deductions	Balance 12/31/2006
TAX COLLECTION TRUST FUND:				
Assets:				
Cash & Investments	\$ 30,637,309	\$ 105,485,043	\$ 95,033,299	\$ 41,089,053
Due from Other Governments	-	-	-	-
Property Taxes Receivable	602,001	1,028,633	602,001	1,028,633
Total Assets	<u>\$ 31,239,310</u>	<u>\$ 106,513,676</u>	<u>\$ 95,635,300</u>	<u>\$ 42,117,686</u>
Liabilities:				
Deposits Held in Trust	\$ (6,765)	\$ 120,008	\$ 67,543	45,700
Due to Taxing Districts	26,341,683	84,807,893	75,159,781	35,989,795
Due to Washington Co. General Fund	2,851,632	8,528,698	7,359,409	4,020,921
Due to Other Funds	2,052,760	5,004,368	4,995,858	2,061,270
Reserve for Refund	-	-	-	-
Total Liabilities	<u>\$ 31,239,310</u>	<u>\$ 98,460,967</u>	<u>\$ 87,582,591</u>	<u>\$ 42,117,686</u>
DEPOSIT FUND:				
Assets:				
Cash & Investments	\$ 1,166,717	\$ 15,174,847	\$ 14,414,350	\$ 1,927,214
Other Receivables	-	-	-	-
Total Assets	<u>\$ 1,166,717</u>	<u>\$ 15,174,847</u>	<u>\$ 14,414,350</u>	<u>\$ 1,927,214</u>
Liabilities:				
Deposits Held in Trust	<u>\$ 1,166,717</u>	<u>\$ 15,174,847</u>	<u>\$ 14,414,350</u>	<u>\$ 1,927,214</u>
PAYROLL TRUST FUND:				
Assets:				
Cash & Investments	\$ 153,288	\$ 20,918,217	\$ 21,071,505	\$ -
Other Receivables	-	-	-	-
Due from Other Funds	1,000,133	1,000,133	2,000,266	-
Total Assets	<u>\$ 1,153,421</u>	<u>\$ 21,918,350</u>	<u>\$ 23,071,771</u>	<u>\$ -</u>
Liabilities:				
Deposits Held in Trust	<u>\$ 1,153,421</u>	<u>\$ 21,918,350</u>	<u>\$ 23,071,771</u>	<u>\$ -</u>
HEALTH DEPARTMENT:				
Assets:				
Cash & Investments	\$ 271,528	\$ 9,659,552	\$ 8,328,140	\$ 1,602,940
Other Receivables	-	-	-	-
Total Assets	<u>\$ 271,528</u>	<u>\$ 9,659,552</u>	<u>\$ 8,328,140</u>	<u>\$ 1,602,940</u>
Liabilities:				
Deposits Held in Trust	<u>\$ 271,528</u>	<u>\$ 9,659,552</u>	<u>\$ 8,328,140</u>	<u>\$ 1,602,940</u>

(Continued)

WASHINGTON COUNTY
All Trust and Agency Funds
Combining Statement of Changes in Assets and Liabilities (Continued)
For the Year Ended December 31, 2006

	Balance 12/31/2005	Additions	Deductions	Balance 12/31/2006
ECONOMIC DEVELOPMENT COUNCIL:				
Assets:				
Cash & Investments	\$ 274,808	\$ 291,435	\$ 271,946	\$ 294,297
Other Receivables	-	-	-	-
Total Assets	<u>\$ 274,808</u>	<u>\$ 291,435</u>	<u>\$ 271,946</u>	<u>\$ 294,297</u>
Liabilities:				
Deposits Held in Trust	<u>\$ 274,808</u>	<u>\$ 291,435</u>	<u>\$ 271,946</u>	<u>\$ 294,297</u>
TOTAL - ALL TRUST AND AGENCY FUNDS:				
Assets:				
Cash & Investments	\$ 32,503,650	\$ 151,529,094	\$ 139,119,240	\$ 44,913,504
Due from Other Governments	-	-	-	-
Property Taxes Receivable	602,001	1,028,633	602,001	1,028,633
Due from Other Funds	1,000,133	1,000,133	2,000,266	-
Other Receivables	-	-	-	-
Total Assets	<u>\$ 34,105,784</u>	<u>\$ 153,557,860</u>	<u>\$ 141,721,507</u>	<u>\$ 45,942,137</u>
Liabilities:				
Deposits Held in Trust	\$ 2,859,709	\$ 47,164,192	\$ 46,153,750	\$ 3,870,151
Due to Taxing Districts	26,341,683	84,807,893	75,159,781	35,989,795
Due to Washington Co. General Fund	2,851,632	8,528,698	7,359,409	4,020,921
Due to Other Funds	2,052,760	5,004,368	4,995,858	2,061,270
Reserve for Refund	-	-	-	-
Total Liabilities	<u>\$ 34,105,784</u>	<u>\$ 145,505,151</u>	<u>\$ 133,668,798</u>	<u>\$ 45,942,137</u>

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OTHER SCHEDULES

- **Tax Collection Agency Fund – Cash Receipts and Disbursements**

This schedule reports the cash receipted and disbursed by the County's Tax Collection Agency Fund during the year. It provides detail for each taxing authority within the County.

- **Statement of Taxes Charged and Collected**

This schedule reports various tax related information including, total taxable value, current tax rates, total taxes charged, and total taxes collected during the year for each taxing authority within the County.

- **Schedule of Expenditures of Transient Room Taxes and Tourism, Recreation, Culture, and Convention Facilities Taxes**

This schedule reports the breakdown of expenditures for Transient Room Taxes and Tourism, Recreation, Culture, and Convention Facilities Taxes by category in accordance with *Utah Code* Section 17-31-5.5(3).

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WASHINGTON COUNTY
Tax Collection Agency Fund
Cash Receipts and Disbursements
For the Year Ended December 31, 2006

	Treasurer's Balance 12/31/2005	Tax Collection Receipts	Current Year's Taxes & Interest Apportioned	Prior Year's Taxes & Interest Apportioned	Disburse- ments	Treasurer's Balance 12/31/2006
Tax Collection Amounts:						
Current Taxes	\$ -	\$94,874,259	\$ (94,874,259)	\$ -	\$ -	\$ -
Prior Year's Redemptions	-	3,066,883	-	(3,066,883)	-	-
Over Collected & Double Pmts	-	134,134	-	-	134,134	-
Penalties & Interest	-	399,817	(19,405)	(380,412)	-	-
Other Collections	(6,765)	120,008	-	-	67,543	45,700
Total	\$ (6,765)	\$98,595,101	\$ (94,893,664)	\$ (3,447,295)	\$ 201,677	\$ 45,700
Tax Units:						
Library Operating Fund	\$ 941,648		\$ 2,303,141	\$ 85,065	\$ 2,254,485	\$ 1,075,369
School District	20,166,426		59,270,420	1,934,434	56,298,465	25,072,815
Water Conservancy District	3,102,759		8,411,927	306,921	8,495,414	3,326,193
Assessing & Collecting	1,108,329		2,740,278	100,852	2,689,230	1,260,229
General Fund	1,743,303		5,468,576	443,960	4,895,147	2,760,692
County G.O. Bond	1,111,112		2,517,402	98,760	2,741,373	985,901
Special Service Districts:						
Rockville/Springdale	13,777		37,993	2,675	34,519	19,926
Southwest Mosquito SSD	97,247		293,305	10,441	266,539	134,454
Southwestern SSD	30,859		75,069	3,584	72,840	36,672
Smithsonian SSD	-		-	2,060	2,060	-
Leeds Area SSD	35,739		105,728	3,343	94,933	49,877
New Harmony SSD	84,913		75,229	3,269	128,399	35,012
Cities & Towns:						
Enterprise	32,012		97,075	3,666	80,194	52,559
Hildale	20,368		88,807	54,862	118,424	45,613
Hurricane	(86,215)		1,381,380	39,573	302,173	1,032,565
Ivins	222,057		940,997	16,222	728,053	451,223
LaVerkin	91,842		248,382	15,318	221,176	134,366
Leeds	17,602		53,189	1,558	47,443	24,906
New Harmony	(2,477)		27,625	148	12,306	12,990
St. George	1,732,580		8,079,907	256,207	5,821,109	4,247,585
Santa Clara	136,858		412,503	8,327	352,072	205,616
Springdale	12,471		44,112	3,559	36,889	23,253
Toquerville	24,495		45,332	2,326	48,628	23,525
Virgin	14,412		31,198	3,305	33,716	15,199
Washington	400,655		1,569,603	35,334	1,237,150	768,442
Rockville	25,452		28,088	417	39,381	14,576
Apple Valley	18,803		45,919	3,797	45,425	23,094
Coral Canyon SID	149,046		500,479	7,312	417,503	239,334
Total Due Units	\$31,246,073		\$ 94,893,664	\$ 3,447,295	\$87,515,046	\$42,071,986
Total	\$31,239,308	\$98,595,101			\$87,716,723	\$42,117,686

WASHINGTON COUNTY

Statement of Taxes Charged and Collected December 31, 2006

TAXABLE VALUE OF PROPERTY

	Year-End Value (After BOE)	Centrally - Assessed Value	RDA Value	Adjusted Real & Centrally Assessed Value	Year End Personal Property Value	Total Adjusted Value
Library Operations	\$ 9,488,920,315	\$ 345,540,215	\$ (261,657,992)	\$ 9,572,802,538	\$ 308,563,323	\$ 9,881,365,861
School District	9,488,920,315	345,540,215	(261,657,992)	9,572,802,538	308,563,323	9,881,365,861
Water Conservancy District	9,488,920,315	345,540,215	(261,657,992)	9,572,802,538	308,563,323	9,881,365,861
Assessing & Collecting:						
Local	9,488,920,315	345,540,215	(261,657,992)	9,572,802,538	308,563,323	9,881,365,861
State	9,488,920,315	345,540,215	(261,657,992)	9,572,802,538	308,563,323	9,881,365,861
General Fund	9,488,920,315	345,540,215	(261,657,992)	9,572,802,538	308,563,323	9,881,365,861
County G.O. Bond	9,488,920,315	345,540,215	(261,657,992)	9,572,802,538	308,563,323	9,881,365,861
Rockville/Springdale	129,706,010	2,500,673	-	132,206,683	3,184,791	135,391,474
Southwest Mosquito SSD	9,310,567,295	339,936,373	(261,657,992)	9,388,845,676	305,082,189	9,693,927,865
Southwestern SSD	129,160,490	1,173,373	-	130,333,863	219,287	130,553,150
Smithsonian SSD	41,150,055	1,690,217	-	42,840,272	194,061	43,034,333
Leeds Area SSD	81,977,310	1,766,972	-	83,744,282	522,525	84,266,807
New Harmony Fire	108,359,450	1,387,845	-	109,747,295	404,310	110,151,605
Coral Canyon	162,319,955	423,062	-	162,743,017	1,332,155	164,075,172
Enterprise	42,402,385	1,072,241	-	43,474,626	608,281	44,082,907
Hildale	35,370,605	614,483	-	35,985,088	4,805,261	40,790,349
Hurricane	707,082,335	13,203,563	(129,934,994)	590,350,904	37,705,434	628,056,338
Ivins	630,989,255	4,430,261	-	635,419,516	6,145,156	641,564,672
LaVerkin	148,751,510	3,635,269	-	152,386,779	5,053,088	157,439,867
Leeds	58,819,635	1,114,923	-	59,934,558	520,974	60,455,532
New Harmony	10,035,255	430,154	-	10,465,409	222,616	10,688,025
St. George	5,411,828,375	89,785,275	(131,722,998)	5,369,890,652	207,575,804	5,577,466,456
Santa Clara	322,286,995	3,017,020	-	325,304,015	2,468,765	327,772,780
Springdale	109,490,020	1,377,701	-	110,867,721	2,762,648	113,630,369
Toquerville	68,863,000	4,226,141	-	73,089,141	718,486	73,807,627
Virgin	28,700,110	991,131	-	29,691,241	485,998	30,177,239
Washington	1,088,851,370	11,665,329	-	1,100,516,699	28,044,840	1,128,561,539
Rockville	20,215,990	1,122,972	-	21,338,962	422,143	21,761,105
Apple Valley	38,831,660	306,931	-	39,138,591	3,500	39,142,091
Northwestern SSD	95,433,555	15,001,398	-	110,434,953	651,212	111,086,165
Dixie Springs SSD	77,110,000	-	-	77,110,000	-	77,110,000
Dameron Valley SSD	85,438,660	621,962	-	86,060,622	74,149	86,134,771
Dixie Deer SSD	32,830,250	590,729	-	33,420,979	17,851	33,438,830

Totals

Current Year Real & Cent. Assessed Tax Rate	Prior Year Personal Property Tax Rate	Total Property Taxes Charged	Personal Property Taxes Charged	Total Taxes Charged
0.000216	0.000269	\$2,067,725	\$83,004	\$2,150,729
0.005600	0.006131	53,607,694	1,891,802	55,499,496
0.000788	0.001000	7,543,368	308,563	7,851,931
0.000118	0.000147	1,129,591	45,359	1,174,950
0.000139	0.000173	1,330,620	53,381	1,384,001
0.000514	0.000640	4,920,421	197,481	5,117,902
0.000235	0.000315	2,249,609	97,197	2,346,806
0.000277	0.000312	36,621	994	37,615
0.000028	0.000035	262,888	10,678	273,566
0.000492	0.000806	64,124	177	64,301
0.000000	0.000000	-	-	-
0.001168	0.001243	97,813	649	98,462
0.000641	0.000786	70,348	318	70,666
0.003000	0.003000	488,229	3,996	492,225
0.001738	0.002008	75,559	1,221	76,780
0.002156	0.002103	77,584	10,105	87,689
0.002061	0.001821	1,216,713	68,662	1,285,375
0.001413	0.001413	897,848	8,683	906,531
0.001486	0.001893	226,447	9,565	236,012
0.000777	0.000879	46,569	458	47,027
0.001826	0.001957	19,110	436	19,546
0.001336	0.001644	7,174,174	341,255	7,515,429
0.001073	0.001398	349,051	3,451	352,502
0.000387	0.000432	42,906	1,193	44,099
0.000602	0.000727	44,000	522	44,522
0.001092	0.001481	32,423	720	33,143
0.001308	0.001252	1,439,476	35,112	1,474,588
0.001216	0.001309	25,948	553	26,501
0.001076	0.001583	42,113	6	42,119
0.000000	0.000000	-	-	-
0.000000	0.000000	-	-	-
0.000000	0.000000	-	-	-
0.000000	0.000000	-	-	-
		<u>\$85,578,972</u>	<u>\$3,175,541</u>	<u>\$88,754,513</u>

(Continued)

WASHINGTON COUNTY

Statement of Taxes Charged and Collected (Continued) December 31, 2006

	TREASURER'S RELIEF				CURRENT YEAR ACTUAL	
	Unpaid Taxes	Abatements	Other	Total Relief	Taxes Collected	Collection Rate
Library Operations	\$ 134,301	\$ 25,289	\$ 2,858	\$ 162,448	\$1,988,281	92.45%
School District	3,476,464	655,662	75,128	4,207,254	51,292,242	92.42%
Water Conservancy District	490,073	92,261	10,406	592,740	7,259,191	92.45%
Assessing & Collecting:						
Local	73,369	13,816	1,562	88,747	1,086,203	92.45%
State	86,421	16,275	1,840	104,536	1,279,465	92.45%
General Fund	331,561	60,181	6,802	398,544	4,719,358	92.21%
County G.O. Bond	146,259	27,514	3,083	176,856	2,169,950	92.46%
Rockville/Springdale	2,333	110	62	2,505	35,110	93.34%
Southwest Mosquito SSD	16,850	3,246	361	20,457	253,109	92.52%
Southwestern SSD	2,994	880	111	3,985	60,316	93.80%
Smithsonian SSD	-	-	-	-	-	#DIV/0!
Leeds Area SSD	6,340	1,490	4	7,834	90,628	92.04%
New Harmony Fire	5,085	1,261	104	6,450	64,216	90.87%
Coral Canyon	18,093	1,364	1,527	20,984	471,241	95.74%
Enterprise	3,806	1,467	(1)	5,272	71,508	93.13%
Hildale	37,588	124	2,120	39,832	47,857	54.58%
Hurricane	120,605	22,040	2,460	145,105	1,140,270	88.71%
Ivins	49,809	11,144	1,349	62,302	844,229	93.13%
LaVerkin	32,123	6,398	316	38,837	197,175	83.54%
Leeds	2,595	893	(1)	3,487	43,540	92.59%
New Harmony	619	440	2	1,061	18,485	94.57%
St. George	378,992	89,270	8,083	476,345	7,039,084	93.66%
Santa Clara	18,408	3,295	188	21,891	330,611	93.79%
Springdale	2,919	50	86	3,055	41,044	93.07%
Toquerville	7,477	623	76	8,176	36,346	81.64%
Virgin	7,184	598	7	7,789	25,354	76.50%
Washington	103,078	15,339	3,366	121,783	1,352,805	91.74%
Rockville	1,066	327	2	1,395	25,106	94.74%
Apple Valley	3,942	751	-	4,693	37,426	88.86%
Northwestern SSD	-	-	-	-	-	-
Dixie Springs SSD	-	-	-	-	-	-
Dameron Valley SSD	-	-	-	-	-	-
Dixie Deer SSD	-	-	-	-	-	-
Totals	\$5,560,354	\$1,052,108	\$121,901	\$6,734,363	\$82,020,150	

OTHER COLLECTIONS

Fee in Lieu	Miscellaneous Collections	Delinquent Tax Collected	Interest & Penalty Collected
\$ 314,388	\$ 97,020	\$ 81,247	\$ 4,290
7,966,043	2,487,352	1,849,592	96,977
1,151,019	354,311	294,210	14,428
171,759	52,999	44,531	2,280
202,291	62,412	51,981	2,620
748,101	230,881	194,766	250,311
346,939	106,237	95,036	4,237
2,875	753	2,570	113
40,136	12,095	10,040	461
14,739	636	3,418	180
-	93	1,931	129
15,079	3,659	3,168	196
10,998	2,695	3,097	187
29,127	2,877	7,153	270
25,550	1,085	3,561	122
40,939	867	51,592	3,281
240,840	267,796	37,373	2,470
96,568	22,657	15,766	656
51,160	1,434	14,572	793
9,639	1,283	1,461	107
9,136	40	114	38
1,039,158	175,982	245,135	12,737
81,814	9,214	7,965	440
3,058	635	3,424	145
8,977	9,262	2,223	112
5,838	5,906	3,147	164
216,478	20,807	33,729	1,925
2,976	1,302	388	35
8,484	1,007	3,693	113
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 12,854,109</u>	<u>\$ 3,933,297</u>	<u>\$ 3,066,883</u>	<u>\$ 399,817</u>

WASHINGTON COUNTY

Schedule of Expenditures of Transient Room Taxes and Tourism, Recreation, Culture and Convention Facilities Taxes December 31, 2006

Transient Room Taxes (TRT):

Establishing and promoting:

Recreation	\$ 431,223
Tourism	655,450
Film production	156,822
Conventions	184,954
Total	<u>1,428,449</u>

Acquiring, leasing, constructing, furnishing, or operating:

Convention meeting rooms	250,000
Exhibit halls	250,000
Visitor information centers	-
Museums	-
Related facilities	-
Total	<u>500,000</u>

Acquiring or leasing land required for or related to:

Convention meeting rooms	-
Exhibit halls	-
Visitor information centers	-
Museums	-
Related facilities	-
Total	<u>-</u>

Mitigation costs

Payment of principal, interest, premiums, and reserves on bonds

Total expenditures of transient room taxes	<u>\$ 1,928,449</u>
--	---------------------

Tourism, Recreation, Culture, and Convention Facilities (TRCC):

Financing tourism promotion

Development, operation, and maintenance of:

Tourist facilities	\$ -
Recreation facilities	993,898
Cultural facilities	-
Convention facilities	670,000
Pledges as security for evidences of indebtedness	-
Total	<u>1,663,898</u>

Total expenditures of tourism, recreation, culture, and convention facilities taxes

\$ 1,663,898

Reserves and Pledges:

	1/1/2006	Additions 2006	12/31/2006
Reserves on bonds related to TRT funds	\$ -	\$ -	\$ -
Pledges as security for evidences of indebtedness related to TRCC	\$ -	\$ -	\$ -

FEDERAL AND STATE REPORTS

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HINTONBURDICK

HINTON BURDICK HALL & SPILKER PLLC

CPAs & ADVISORS

**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and other Matters
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

MEMBERS:

KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT S. COX
BRENT R. HALL
KENNETH A. HINTON
MORRIS J. PEACOCK
PHILLIP S. PEINE
MICHAEL K. SPILKER
MARK E. TICHENOR

Honorable County Commission
Washington County
St. George, Utah

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, as of and for the year ended December 31, 2006, and have issued our report thereon dated July 20, 2007. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Washington County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

06-04 Capital Asset Inventory
06-05 Fraud Risk Management

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe the following deficiencies described in the accompanying schedule of findings and responses to be material weaknesses in internal control over financial reporting.

- 06-01 Change in Accounting System
- 06-02 Tax Trust Fund
- 06-03 Payroll Trust Fund – Health Insurance

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in the accompanying schedule of findings and responses.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the control board, and the Utah State Auditor and is not intended to be an should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



HINTON, BURDICK, HALL & SPILKER, P.L.L.C.
July 20, 2007



HINTON BURDICK

HINTON BURDICK HALL & SPILKER PLLC

CPAs & ADVISORS

Independent Auditors' Report on State Legal Compliance

Honorable County Commission
Washington County
St. George, Utah

MEMBERS:

KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT S. COX
BRENT R. HALL
KENNETH A. HINTON
MORRIS J. PEACOCK
PHILLIP S. PEINE
MICHAEL K. SPILKER
MARK E. TICHENOR

We have audited the basic financial statements of Washington County for the year ended December 31, 2006, and have issued our report thereon dated July 20, 2007. As part of our audit, we have audited Washington County's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended December 31, 2006. The County received the following major State assistance programs from the State of Utah:

- B & C Road Funds (Department of Transportation)
- Liquor Law Enforcement (Tax Commission)
- Adult Services - Alternatives Program (Department of Human Services)
- Disaster Loan Program (Department of Public Safety – Division of Emergency Services)

Our audit also included test work on the County's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Liquor Law Enforcement
- Justice Courts Compliance
- B & C Road Funds
- Other General Compliance Issues
- Department of Commerce
- Statement of Taxes Charged, Collected and Disbursed
- Assessing and Collecting Property Taxes
- Transient Room Tax
- Impact Fees and Other Development Fees
- Asset Forfeitures

The management of Washington County is responsible for the County's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in our schedule of findings and recommendations dated July 20, 2007. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Washington County complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort; or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended December 31, 2006.

Hinton Burdick Hall & Spilker PLLC

HINTON, BURDICK, HALL & SPILKER, PLLC
July 20, 2007



HINTONBURDICK

HINTON BURDICK HALL & SPILKER PLLC

CPAs & ADVISORS

Findings and Recommendations For the Year Ended December 31, 2006

Honorable County Commission
Washington County
St. George, Utah

MEMBERS:

KRIS J. BRAUNBERGER
DEAN R. BURDICK
ROBERT S. COX
BRENT R. HALL
KENNETH A. HINTON
MORRIS J. PEACOCK
PHILLIP S. PEINE
MICHAEL K. SPILKER
MARK E. TICHENOR

Gentlemen:

In planning and performing our audit of the financial statements of Washington County for the fiscal year ended December 31, 2006, we noted some of the prior year findings have been corrected in the County's system of controls and accounting procedures. However, we noted the following circumstances that, if improved, would strengthen the County's accounting system and control over its assets and State Compliance. These items are discussed below for your consideration. Please note that Statement on Auditing Standards number 112 is effective for this year's management letter and the following findings have been issued in accordance with the new standard which by most interpretations is much more stringent than prior year's standards.

Material Weaknesses:

06-1. Change in Accounting System

It appears that the County has assigned responsibilities for financial accounting and management and has established a set of procedures and checklists that would enable someone to monitor the numerous accounts and related budgets and reconciliations. However, the County changed its accounting system in November which caused a disruption in the normal routines of those assigned the responsibility of monitoring accounts and performing various reconciliations. The County has experienced significant growth and has numerous funds and departments and there are a significant number of accounts and transactions involved in the accounting process. The disruption made it difficult for management to perform the necessary reconciliations and thus, a significant number of year-end audit adjustments were required.

Recommendation

We understand that the County considered various scenarios for implementation of the new accounting system; however, in the future, if another change is considered, we recommend that the County strongly consider implementation after year-end in order to provide a smoother transition from one system to the other. Otherwise, we recommend that the County anticipate the disruption and provide additional staff or assistance with year-end reconciliations and other accounting functions.

06-2. Tax Trust Fund

The County was in the process of converting accounting systems and cash receipting systems for the Tax Trust Fund during part of calendar year 2005 and continues to be in the process of converting the accounting system and integrating the cash receipting system. For example, the new system does not currently provide a report for unpaid taxes for each parcel. Also, the County changed its general ledger system in November 2006. The combination of these factors and the fact that there has been turnover in the County Treasurer position has created additional workloads for specific employees in the Treasurer's department and created a situation which resulted in untimely bank reconciliations, untimely tax distributions and difficulties in producing a balance sheet and detailed information for tax collections and distributions.

Recommendations

We understand that the County is continuing to reassess the accounting system and cash receipting system for the Tax Trust fund. We recommend that the County emphasize the importance and urgency of this process and take the steps necessary to ensure a timely transition and ensure that detailed records are maintained and that amounts due to taxing districts be reconciled as necessary. This may require additional time to be invested by someone other than those individuals who maintain the day to day operations of the Treasurer's Department.

06-3. Payroll Trust Fund – Health Insurance

The County had a significant amount (\$764,020) of claims paid under the self-funded insurance plan that had not been expensed out to the funds/departments at year end. This expense is over and above the amounts that the County had accumulated via employee contributions and County contributions for expected insurance premiums (catastrophic coverage through Educators Mutual) and expected claims. Apparently the payroll trust fund account 76-2235 for health insurance had not been monitored on a monthly basis. This procedure is an integral part of effectively monitoring the insurance plan on a timely basis.

Recommendations

We recommend that the County establish procedures for monitoring the plan and take steps to get a handle on the health insurance and expense and possibly re-evaluate the costs associated with being self-insured compared to purchasing coverage. Additionally, in order for financial statements to be an accurate reflection of expenses, we recommend that expenses or excess contributions accumulating in Fund 76 are allocated to funds/departments. The balance can then be reversed back to Fund 76 after the year-end close in order to continue to track the excess or deficiencies for the plan.

Significant Deficiencies:

06-04. Capital Asset Inventory

Finding

An annual capital asset inventory is an integral step in managing and safeguarding the assets of the County. A capital asset inventory has not been conducted for at least two years.

Recommendation

We recommend that a capital asset inventory be conducted annually to verify that assets listed in the accounting records are physically present and operational. Information obtained from the inventory should be communicated to accounting personnel and reconciled to the detail asset lists maintained in *Asset Keeper*.

06-05. Fraud Risk Management Program

The County has apparently not formally developed a fraud risk management program that is appropriate for the size and complexity of the County, including identifying fraud risks and taking appropriate action to reduce or eliminate the risks. For example, we were requested to review the County's gas card invoices by the internal-audit department.

Our review revealed that some County employees are not properly entering odometer readings when purchasing gas and that the system allows the users to still buy gas without the correct odometer reading. We also noted a gas card that was specified for unleaded gas was used to purchase diesel gas on at least two occasions. Without some type of control or requirement for the use of proper odometer readings and monitoring the miles per gallon, it will be difficult for the County to control the potential abuse of gas purchases. There may also be other areas within the County for potential abuse.

Recommendations

We recommend that the County formally develop and adopt a fraud risk management program that is appropriate for the size and complexity of the County, including identifying fraud risks and taking appropriate action to reduce or eliminate the risks. The program should include a review of the gas card system and implementation of some type of controls over the usage and monitoring of gas purchases.

Compliance Findings and Control Deficiencies:

06-06. Timeliness of Cash Deposits - Compliance

Finding

Utah Code section 51-4-2(2) requires all public funds to be deposited daily, whenever practical, but not later than three days after receipt. This law provides an important control for safeguarding the County's assets. While performing our testwork we noted that all receipts tested were deposited within three days of receipt by the Treasurer's office; however, we noted some items that appear to have been received by various departments that were not deposited with the Treasurer within three days of receipt.

Recommendation

We recommend the County follow procedures to insure that each department's cash receipts are deposited with the Treasurer within three days of being received in accordance with State law.

06-07. State Required Fidelity Bonding - Compliance

Findings

Utah code 51-7-15 and rule 4 of the Utah Money Management Council require that every public treasurer shall secure a fidelity bond calculated in relation to the total budgeted gross revenue for that entity. The County's fidelity bond was under the limit required for 2006.

Recommendations

We recommend the County secure a fidelity bond for the amounts required by State Law.

06-08. Tax Distributions - Compliance

The County Treasurer must disburse all tax monies collected during the preceding month to the appropriate taxing entities by the tenth day of each month in accordance with UC 59-2-1365. We noted that there were some collections that were not distributed timely for the 2006 tax collections.

Recommendations

We recommend that the County Treasurer disburse all tax monies collected during the preceding month to the appropriate taxing entities by the tenth day of each month in accordance with UC 59-2-1365.

06-09. Adopted Budget - Compliance

We noted that the County's adopted budget and resolution included budget line items for the "Dixie Center" and the Southwest Mosquito Abatement District. These are separate legal entities and thus, these budgets are approved and adopted by the respective boards of the Washington County/St. George City Inter-local Agency and the Southwest Mosquito Abatement District.

Recommendations

We understand that the County has contracted with these entities to perform accounting and other related services; however, we recommend that the County properly omit these budget line items from future County budgets.

06-10. Exceeding Budget Appropriations - Compliance

The Fiscal Procedures Act for Utah Counties requires Counties to restrict expenditures to the authorized department budget. The "Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual" identifies the departments which have over-expended budget amounts. We also noted that in some instances, for example, the debt service fund budget, the budget prepared was not necessarily based on supported figures but were estimates. In this particular instance it would have been possible for the actual figures and or supportable figures to have been obtained for the budget estimate.

Recommendations

We recommend that the County operate within the confines of State law by limiting expenditures or following proper procedures to adjust the departmental budgets. We also recommend that the County make every effort to effectively analyze budget line items and to utilize data to support budget estimates when such data is available.

06-11. Cash Disbursements

The County has established procedures for the use of purchase orders and documenting the purpose of credit card purchases; however, we noted some purchase orders that were written after invoice dates for the associated purchase.

Recommendations

We recommend that the County adhere to its purchasing policies and establish procedures to ensure that purchase orders are used in a timely manner and for all purchases over the set amount in order to manage the budget and expenditure of funds before funds are expended.

06-12. Fair Grounds Receipts

We noted that there is a lack of segregation of duties with cash receipting and there is a lack of controls in place for cash receipting at the fair grounds. There are a minimal amount of cash receipts at the fair grounds and thus, this is not deemed to be a significant deficiency or a material weakness.

Recommendations

We recommend that the cash receipting process at the fair grounds be reviewed and that management consider the cost effectiveness of implementing controls over fair grounds cash receipts.

This report is intended solely for the information and use of the County Commission, management, and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the County this past year. We would like to express special thanks to all those who assisted us in this year's audit. We invite you to ask questions of us throughout the year and we look forward to a continued professional relationship.

Sincerely,

Hinton Burdick Hall & Spilker PLLC

HINTON, BURDICK, HALL & SPILKER, PLLC
July 20, 2007



WASHINGTON COUNTY CLERK/AUDITOR

197 East Tabernacle ♦ St George, Utah 84770

Telephone: (435) 634-5712 ♦ Fax: (435) 634-5763

E-mail: crobison@washco.state.ut.us

CALVIN R. ROBISON

County Clerk/Auditor

MANAGEMENT LETTER RESPONSE

State of Utah
Office of the State Auditor
211 State Capitol
Salt Lake City, Utah 84114

MacRay A Curtis, CPA
Director, Local Government Division

In response to the Management Letter written for the 2006 Audit by our independent auditors, Hinton, Burdick, Hall, & Spilker, PLLC., and in compliance with reporting requirements of the Utah State law, the following comments are made.

Material Weaknesses:

06-1 Change in Accounting System

Management agrees completely with our auditor's recommendation. This past year was an exception because of the conversion complexities. Our new accounting system is now working and should service us quite well in the next few years.

06-2 Tax Trust Fund

As a matter of clarification, the Treasurer's new system does provide a report for unpaid taxes for each parcel. The deficiency in the report is that the report cannot be run for a specific date in the past; it can only be run as of the current date. The Treasurer's office is in the process of creating a new report that will allow for this report to be run as of any specific date. Since the new treasurer has taken office and was made aware of these deficiencies they have been addressed and are no longer issues. For example, bank reconciliations and tax distributions are now being completed in a timely manner, an accurate Balance sheet, and other detailed information for tax collections and distributions can be readily produced.

06-3 Payroll Trust Fund - Health Insurance

Management is in agreement with the need to monitor closely the self-insured funds set to cover the costs of administering this important employee benefit. A few years ago we had the opposite scenario when more expense was charged than was actually incurred. We did reverse back to Fund 76 the excesses that year but this year we needed to charge the deficiencies which occurred the few months. A closer review is now set up to adjust the amounts anticipated on a quarterly basis in order to minimize the effects of an annual adjustment. The fund has been reviewed annually.

Significant Deficiencies:

06-04. Capital Asset Inventory

A capital asset inventory will be conducted this year and reconciled to the detail lists maintained in Asset Keeper. This past year with the major conversion of our software program, the time, effort, resources, and organization were not taken in order to do an accurate or complete physical inventory.

06-05. Fraud Risk Management Program

Washington County has grown rapidly in size and complexity. Our Internal Auditor has taken an even more important role in identifying fraud risks and assisting us in setting policy and procedures. The County Personnel Manual does address Employee Discipline which, among other items, covers that of Dishonesty, Misuse of public property, and Misappropriation of property. This was formally adopted about 4 years ago. We are now focusing on establishing an organized audit committee and formalizing programs in fraud risk management, physical inventory, security, and sound accounting policies. Special emphasis has already taken place in focusing on our gas card policy with written procedures and training of all management personnel.

Compliance Finding and Control Deficiencies:

06-06. Timeliness of Cash Deposits - Compliance

The County Treasurer is in compliance with Utah Code 51-4-2(2) however some funds collected by various departments did not comply. Subsequently continued monitoring is being done as well as department heads have been instructed to be more diligent in following the adopted procedure.

06-07. State Required Fidelity Bonding - Compliance

Washington County has been and continues to be in compliance with Utah code 51-7-15 and rule 4 of the Utah Money Management Council. I believe this compliance finding was written in error.

06-08. Tax Distributions - Compliance

The County Treasurer has committed to disburse all tax monies collected during the preceding month to the appropriate taxing entities by the tenth day of each month in accordance with UC 59-2-1365. That is currently being done in a timely manner.

06-09. Adopted Budget - Compliance

The Dixie Center and the Mosquito Abatement District have always had their budgets approved and adopted by their respective boards. However Washington County will omit these budget line items from our future budgets. We will continue to report their financials and variances to budget along with all other departments in compliance to our contracted responsibilities.

06-10. Exceeding Budget Appropriations - Compliance

This issue continues to be a very difficult compliance item since most infractions occur after the year end, particularly with audit adjustments such as our self insurance of this past year. Our practice of opening the budget just prior to year end is very helpful but still various expenses show up that should be charged to the year just ended. We continue to make every effort match expenses in their correct accounting period. Maybe one year we will get it right.

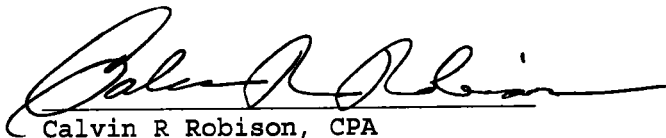
06-11. Cash Disbursements

The county has focused heavily this year on adhering to the purchasing policy and established procedures in regards to purchase orders and their set limits. This has been the subject of department head meetings and hopefully good results will be the outcome.

06-12. Fair Grounds Receipts

Cash receipting at the fair grounds has been and continues to be an internal control problem. The cost of implementing an effective receipting system so far outweighs the benefits. Estimates are made and monitored as to monies received but we are still leaving much up to the honesty of our volunteers and employees. This year we are surveying other facilities and trying to be more proactive in our approach to this problem.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Calvin R Robison".

Calvin R Robison, CPA
Washington County Clerk/Auditor
September 7, 2007

cc: Washington County Commissioners
Hinton Burdick Hall & Spilker PLLC